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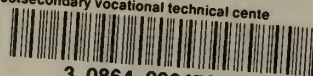
**POSTSECONDARY VOCATIONAL TECHNICAL CENTER FUNDING
AND STATUTE REVIEW**

**As Required by
House Joint Resolution Number 46
of the 47th Legislature**

**Legislative Finance Committee
Helena, Montana
December, 1983**

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December 16, 1983

Members of the 48th Legislature:

This is the final report on postsecondary vocational technical center funding. It is presented in compliance with House Joint Resolution Number 46 of the 47th Legislature which directed this committee to study the "statutory provisions relating to the postsecondary vocational technical centers, including the method of financing." We examined the problems with the existing funding formula and made several recommendations to improve the equity of funding among the centers. The recommendations were based on input received from a spectrum of sources including educators, administrators, and fellow legislators.

The directive to propose statutory changes resulted in the committee requesting agency cooperation. Minor statutory changes were implemented during the 48th Legislature; however, more comprehensive recommendations will be forthcoming and available at the 1985 session.

Fred Van Valkenburg

Fred Van Valkenburg, Chairman
Legislative Finance Committee

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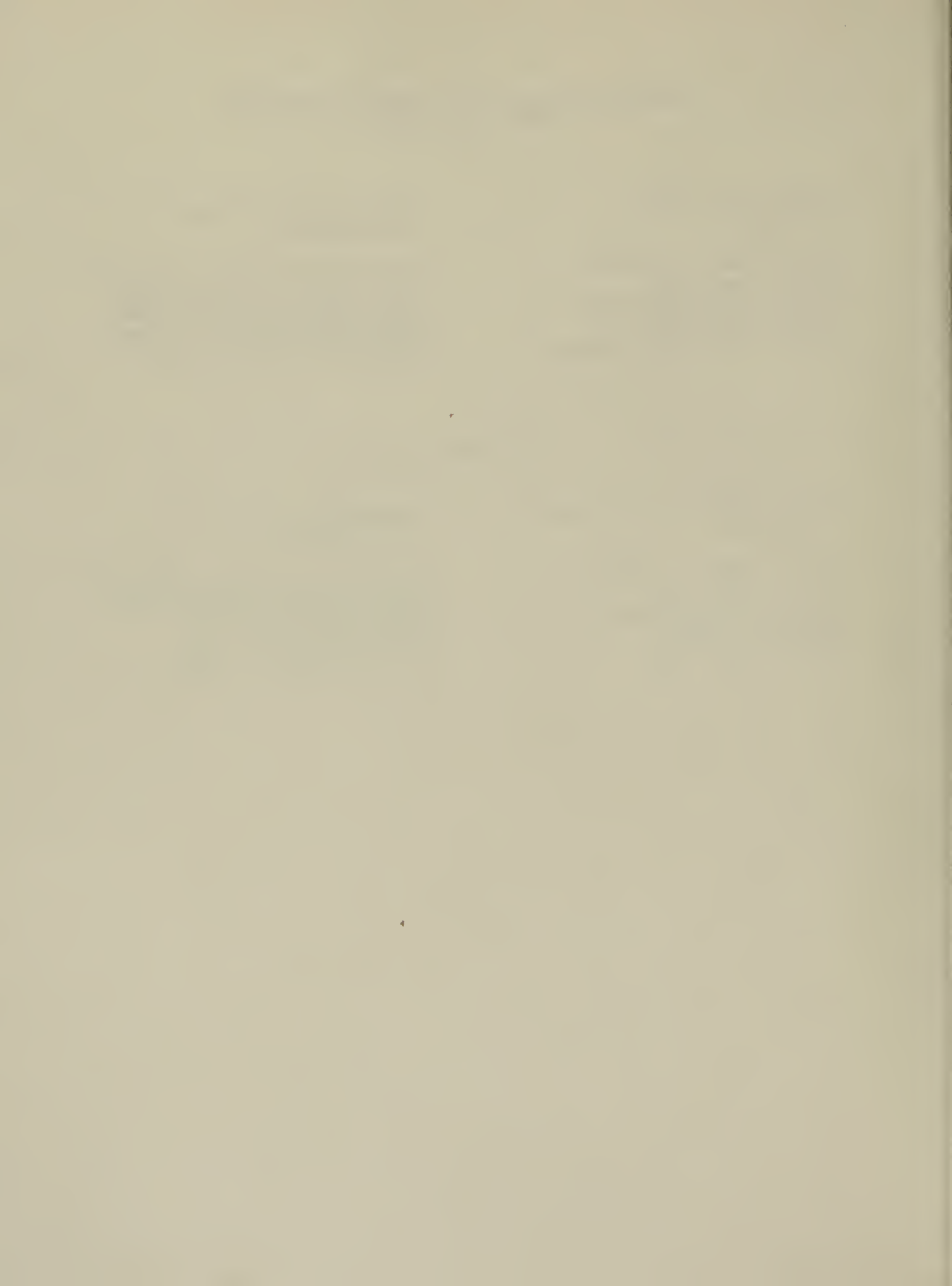
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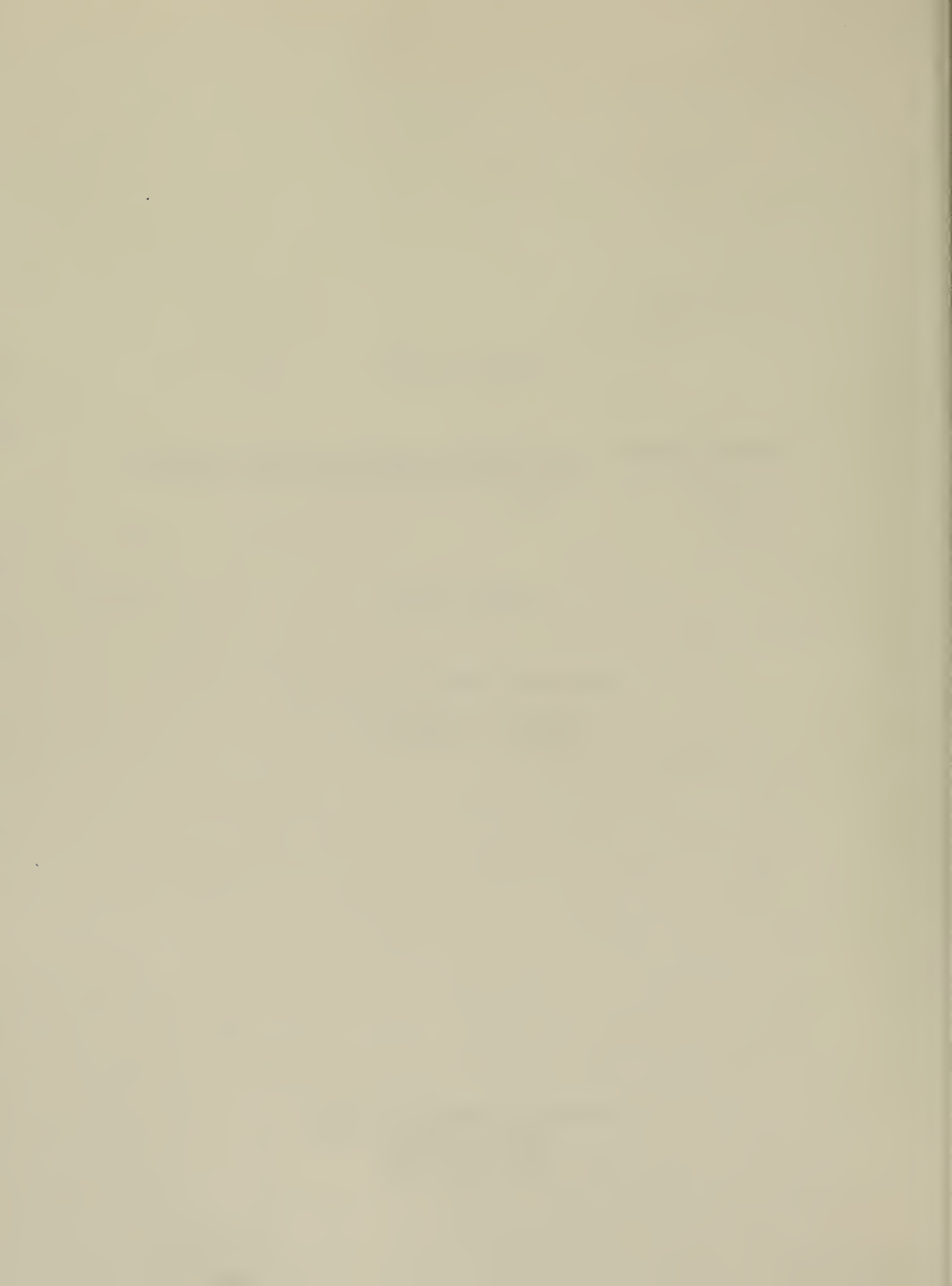
FINAL REPORT

POSTSECONDARY VOCATIONAL TECHNICAL CENTER FUNDING
AND STATUTE REVIEW

As Required By

House Joint Resolution Number 46
of the 47th Legislature

Legislative Finance Committee
Helena, Montana
December, 1983



PREFACE

This report documents the findings of the Legislative Finance Committee in its study of postsecondary vocational technical system statutes and funding. The study is the result of legislative concern expressed through House Joint Resolution Number Forty-six of the Forty-seventh Legislature.

The Legislative Finance Committee is a twelve-member, bipartisan, joint committee of the Senate and the House of Representatives. It was created in 1975 as a permanent committee to oversee, study, and review financial matters of the state that are relevant to issues of policy and statewide importance. The committee appoints and employs the Legislative Fiscal Analyst who provides staff support for the committee. Eight of twelve members of the Legislative Finance Committee are selected from appropriation committees of the legislature.

ACKNOWLEDGEMENTS

We would like to thank the Assistant State Superintendent for Vocational Education Services of the Office of Public Instruction and the Center Directors of the postsecondary vocational-technical centers for their advice, consultation, and particularly for the hours of data collection in which they participated.

We would also like to thank the staff of the Legislative Council who assisted in the statutory review portion of the study.

We are appreciative of the many comments and contributions of the Appropriations Subcommittee for Education and of our fellow legislators.

TABLE OF CONTENTS

	<u>Page</u>
Letter of Transmittal	
Preface	i
Acknowledgements	ii
List of Tables	
Introduction	1

Part I

Statutory Provision of House Joint Resolution 46

Chapter 1	Statutory History	3
Chapter 2	1981 to Present	5

Part II

Funding Provision of House Joint Resolution 46

Chapter 3	Funding History	8
Chapter 4	Prior Budgeting Techniques	13
Chapter 5	Cost Analysis	19
Chapter 6	Vocational Education Subcommittee	38
Chapter 7	Budget Analysis	43
Chapter 8	48th Legislative Session	57

Part III

Summary

Chapter 9 Summary and Conclusions 68

Part IV

Appendices

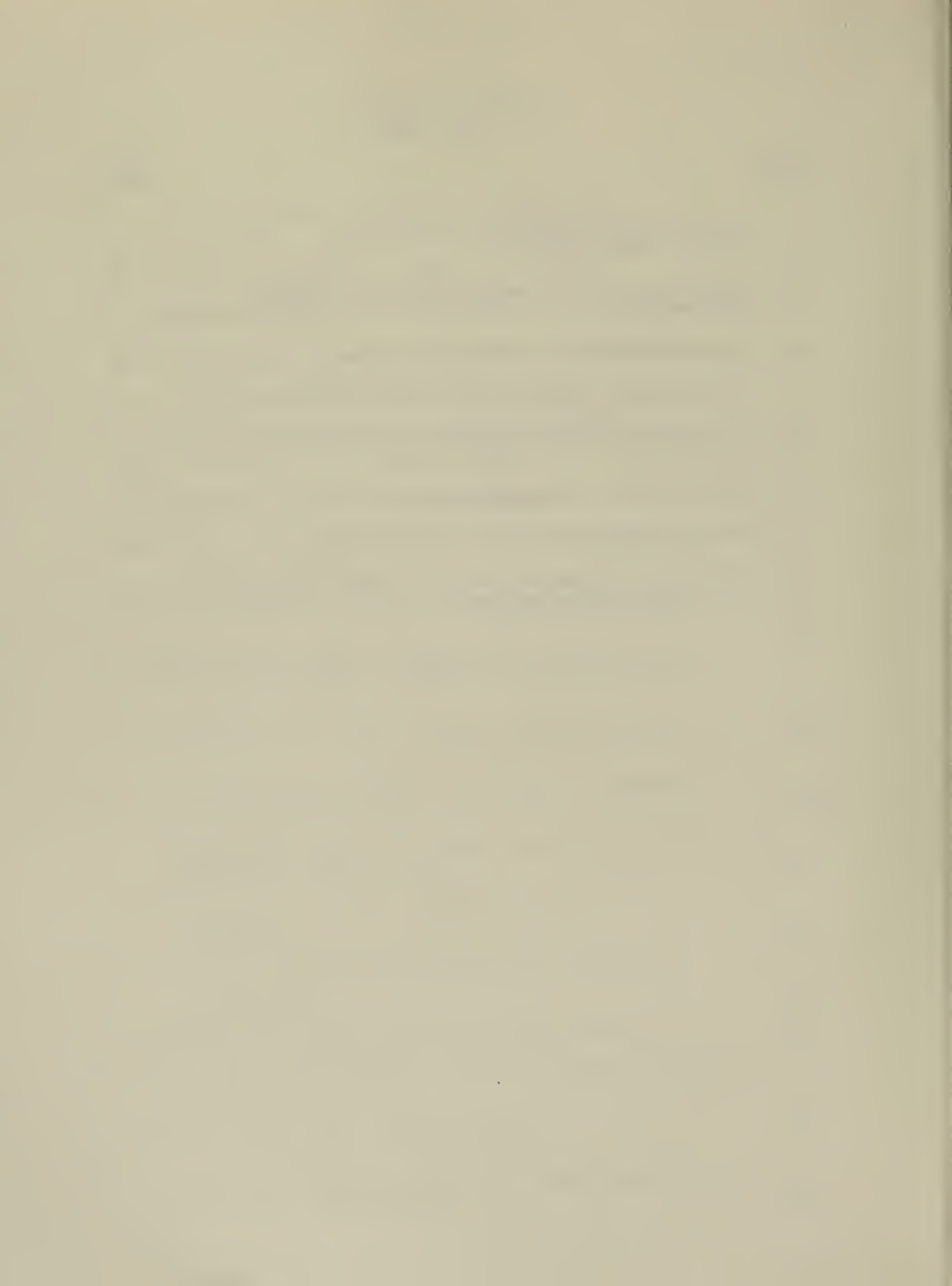
Appendix A	House Joint Resolution 46
Appendix B	OPI and Centers' Initial Response to Identifying Statutory Problems
Appendix C	Legislative Council's Analysis of School Laws and their Applicability to Postsecondary Vocational-Technical Centers
Appendix D	Glossary
Appendix E	Vocational-Education Subcommittee Working Questionnaire on Governance Issues

LIST OF TABLES

<u>Table</u>	<u>Page</u>
1. Historical Funding, Sources and Contribution: FY '78-'85	9
2. Student FTE Enrollment History: FY '78-'85	11
3. Legislative Appropriation per Student-FTE: FY '78-'85	12
4. Total Instruction Cost per Student-FTE: FY '78-'82	22
5. Average Instruction Cost per Student-FTE: FY '82	25
6. Average Instruction Equipment Cost per Student FTE: FY '78-'82	28
7. Description of Support Service Functions	29
8. Support Service Functions and In-kind Services by Center: FY-'82	30
9. Cost per Student-FTE by Support Service Function: FY '78-'82	32
10. Total Support Cost per Student-FTE With and Without In-kind Services: FY-'82	34
11. Estimated Annual Student Contact Hours by Center: FY '82	40
12. Instruction Cost Component Comparison, '83 Biennium vs. '85 Biennium	44
13. Support Staff Standards Utilized in Support Cost Component; 1985 Biennium	45
14. Development of Support Staff Requirements: 1985 Biennium	46
15. Estimated Personal Services for Support Programs: FY '84 and '85	47
16. Average Operating Expense per Support FTE: FY '82	48
17. Calculation of Total Support Services Operating Expense: FY '84 and '85	49
18. Total Support Costs; 1985 Biennium	50
19. Allocation of Variable Equipment and Capital Equipment by Center: 1985 Biennium	52

LIST OF TABLES
(continued)

<u>Table</u>	<u>Page</u>
20. Summary of Cost Components/Current Level Option: 1985 Biennium	54
21. Revenue Summary by Center/Current Level Option: 1985 Biennium	56
22. Estimated Student FTE, 1983-1985 Biennium	58
23. Formula Budget Components-With Caps: 1985 Biennium	61
24. Subcommittee Approved Budget with Operating Expense Reductions: 1985 Biennium	62
25. Other Revenue Sources: 1985 Biennium	64
26. General Fund Appropriation: 1985 Biennium	65
27. Postsecondary Vocational-Technical Centers Expenditures and Funding: 1985 Biennium	67



INTRODUCTION

Funding of the postsecondary vocational technical system and governance-related issues have plagued the Montana legislature for several years. In 1979, the Legislature resolved the governance problems by designating the superintendent of public instruction state governing agent and chief executive officer for vocational education. However, the 47th Legislature in 1981 found that although the governance laws had been changed, other statutes relating to the postsecondary centers were in need of review. Dissatisfaction was also expressed with respect to the means of estimating the biennial budget for the centers.

In response to these two problems, the 47th Legislature enacted House Joint Resolution 46. This resolution is included in Appendix A. The resolution requested this committee to "study the statutory provisions relating to the postsecondary vocational technical centers, including the method of financing" and to "prepare recommendations for the general clarification, updating, supplementation, and revision of such provisions."

In the fall of 1982, the committee staff collected historical statutory and funding data on the postsecondary vocational technical system. This information is summarized in Chapter 1, Statutory History and Chapter 3, Funding History. Prior budgeting techniques are discussed in Chapter 4.

The committee staff interviewed the Office of Public Instruction, the Center directors, and the Montana Advisory Council for Vocational Education to ascertain any budgeting or statutory problems with the status quo. The statutory problems identified in these meetings are discussed in Chapter 2 while the budgeting problems are discussed in Chapter 4.

In March 1982, we directed the staff to pursue the development of a funding formula that would be based on fixed and variable costs, and to solicit equipment information from the vocational technical centers that had heretofore been lacking. Additionally, the Office of Public Instruction was requested to develop specific recommendations for statutory changes.

At our instruction, the staff continued the analysis by determining the feasibility of individual program budgeting. This process is detailed in Chapter 5.

In September 1982, we formed a subcommittee to reexamine governance-related issues and to make recommendations on funding formula options. The work of this subcommittee is described in Chapter 6.

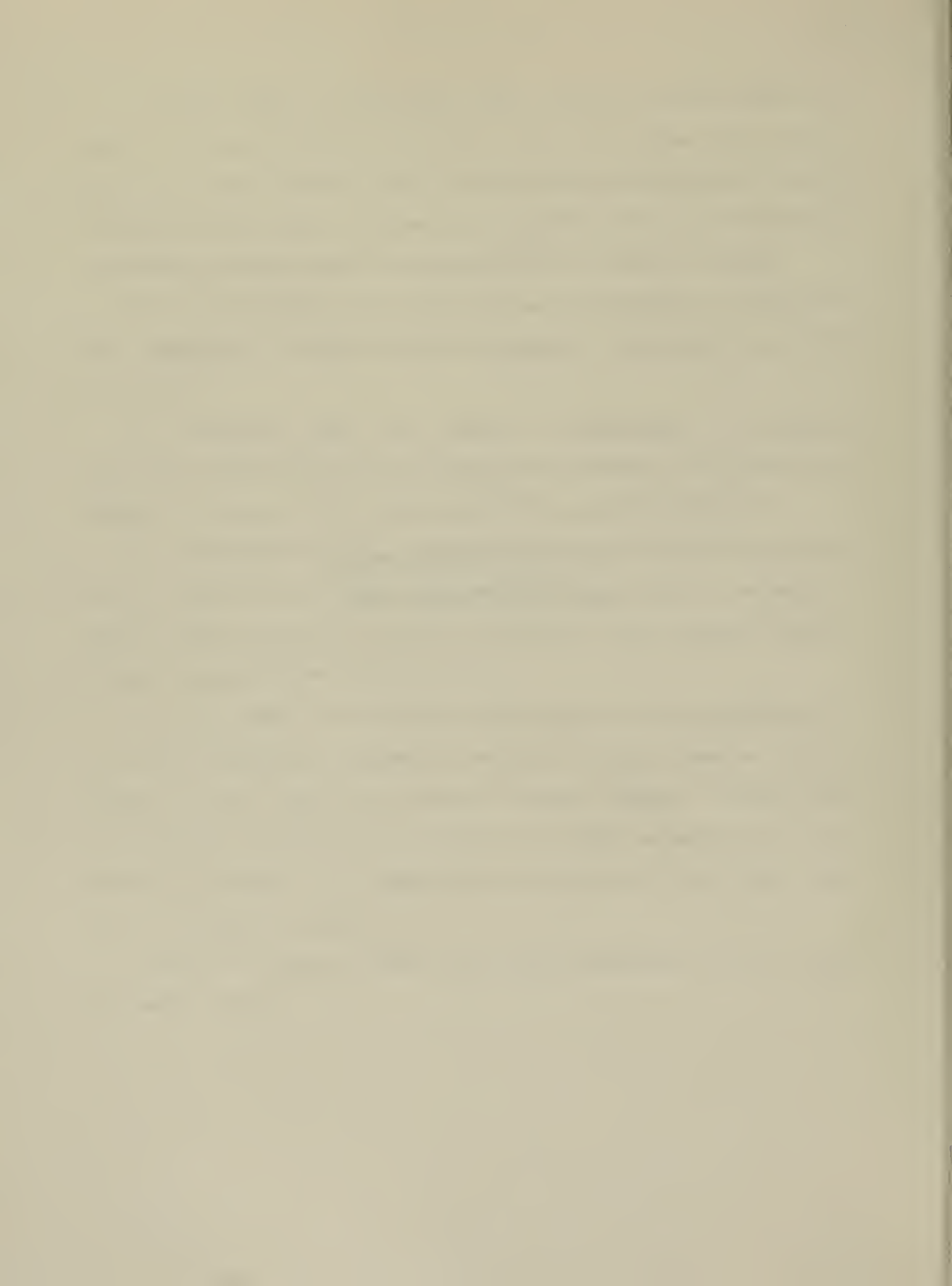
In October 1982, we approved budget formula recommendations offered by the subcommittee. These recommendations were used to develop the staff's budget presented to the 1983 Legislature in their "Budget Analysis". Chapter 7 describes the budget analysis.

The final report for House Joint Resolution 46 was not published prior to the 48th Legislature because we were still lacking a response from the Office of Public Instruction regarding statutory changes. However, this has enabled us to document the actions of the 48th Legislature and include them in this report. The implementation of the formula by the 48th Legislature is detailed in Chapter 8.

Chapter 9 summarizes what the study accomplished and what areas still need attention.

PART I

STATUTORY PROVISIONS OF
HOUSE JOINT RESOLUTION 46



CHAPTER 1

STATUTORY HISTORY¹

Postsecondary vocational-technical education has existed in Montana since 1939, when the legislature authorized the State Board of Education to designate high schools as vocational training centers and to accept applicants between the ages of 16 and 21. These students paid no tuition; the students were counted in the local school district average number belonging (ANB) count used in calculating state aid. At that time, the designated vocational training centers were governed by State Board of Education policies. The Superintendent of Public Instruction served as executive officer to the State Board.

In 1963, the State Board of Education rescinded the designation of high schools as vocational training centers for all except Helena. In 1967, the legislature broadened the category of districts and institutions that could apply for designation as an area vocational technical school. Between 1966 and 1968, the State Board designated Missoula, Butte, Billings, and Great Falls as area centers; this action brought the total number of centers to five.

Because of concerns regarding the financing of the area centers and the size of the system in Montana, House Bill 481 was passed by the 1969 Legislature. This bill:

- a) Designated the five school districts in Yellowstone, Silver Bow, Cascade, Lewis and Clark, and Missoula counties as having postsecondary centers.
- b) Changed the financing to primarily state support.

¹ Historical background for statutes and governance information in this section was provided by an education subcommittee interim study prepared in 1978: Subcommittee on Education, Vocational Education Governance, Montana Legislative Council, Helena, Montana, November 1978, pp. 11-15.

- c) Made provisions for a permissive mill levy in the county in which the center is located.

Even though the financing mechanism changed in 1969 with House Bill 481, the governance did not; the State Board of Education still governed the centers. The Superintendent of Public Instruction remained as executive officer, and the local high school Board of Trustees maintained local administration.

The 1972 Montana Constitution separated the State Board of Education into the Board of Regents and the Board of Public Education. Vocational-technical center governing authority was given to the Board of Public Education. In 1979, House Bill 634 designated the Superintendent of Public Instruction as the state governing agent and the executive officer of Montana for vocational education. Local administration did not change.

Montana's postsecondary vocational-technical education system has evolved from the secondary school system. It is still tied to the secondary system in the statutes and in the budgeting/funding process. In this evolutionary process during which the significance of vocational education was increasing, the statutes affecting vocational education were added when necessary and were included in sections of statute where it was most appropriate. The result of this process is that the existing structure of laws applicable to the postsecondary vocational education system is scattered throughout the Chapters of Law in Title 20, MCA, that are related to primary and secondary education.

CHAPTER 2

1981 TO PRESENT

House Joint Resolution 46, passed by the 47th Legislature, directed the Legislative Finance Committee to study statutes relating to the post-secondary vocational technical centers and to prepare recommendations for the general clarification, updating, supplementation, and revision of these laws.

In January and February 1982, the Legislative Finance Committee's staff solicited input from the postsecondary centers and the Office of Public Instruction with respect to specific problems they encountered with the statutes. Their first response is included with this report as Appendix B. The major statutory problem identified by the centers was that they didn't know which school laws related to the postsecondary centers. The consensus of those interviewed was a separate chapter in the statutes was needed to help clear up the confusion.

After reviewing their response, the Legislative Finance Committee directed the Office of Public Instruction in March 1982 to work with the Legislative Council to develop statutory changes in response to problems noted by the centers and the Office of Public Instruction. After meeting with the Office of Public Instruction, the Legislative Council examined Title 20, MCA, and categorized those sections of law as being applicable to the centers, not applicable to the centers, of questionable applicability to the centers, and not directly related to the centers. Appendix C of this report contains the detailed listing submitted to the Office of Public Instruction from the Legislative Council. In conjunction with the categorization of statutes, the Legislative Council suggested a separate chapter in

Title 20 would reduce confusion of applicable laws and increase readability. The Legislative Council also suggested the centers be defined as "centers" and that term be used in all applicable statutes.

The categorization prepared by the Legislative Council was submitted to the Office of Public Instruction for distribution to the center directors and district superintendents for their comment. Their response is included in Appendix C, page 14. We felt the response was contradictory to information received by the committee staff from personal interviews with the Office of Public Instruction and the centers. For example, one statute requiring fire drills identified in the Legislative Council's categorization as being applicable to the centers (Section 20-1-401, MCA) was pointed out during the personal interviews as not being applicable or of questionable applicability. Clarification on this and other contradictions was sought from the Office of Public Instruction. The Office of Public Instruction verbally clarified the contradictions and agreed to submit, prior to the September 1982 meeting, a detailed narrative that would include proposed changes, additions, and/or deletions to the existing statutes. The Office of Public Instruction submitted only preliminary recommendations in mid-October 1982. This did not provide adequate time for analysis, review, and modification prior to the 48th Legislature. As a result, no legislative action was taken to consolidate statutes into one chapter that would apply to the postsecondary centers.

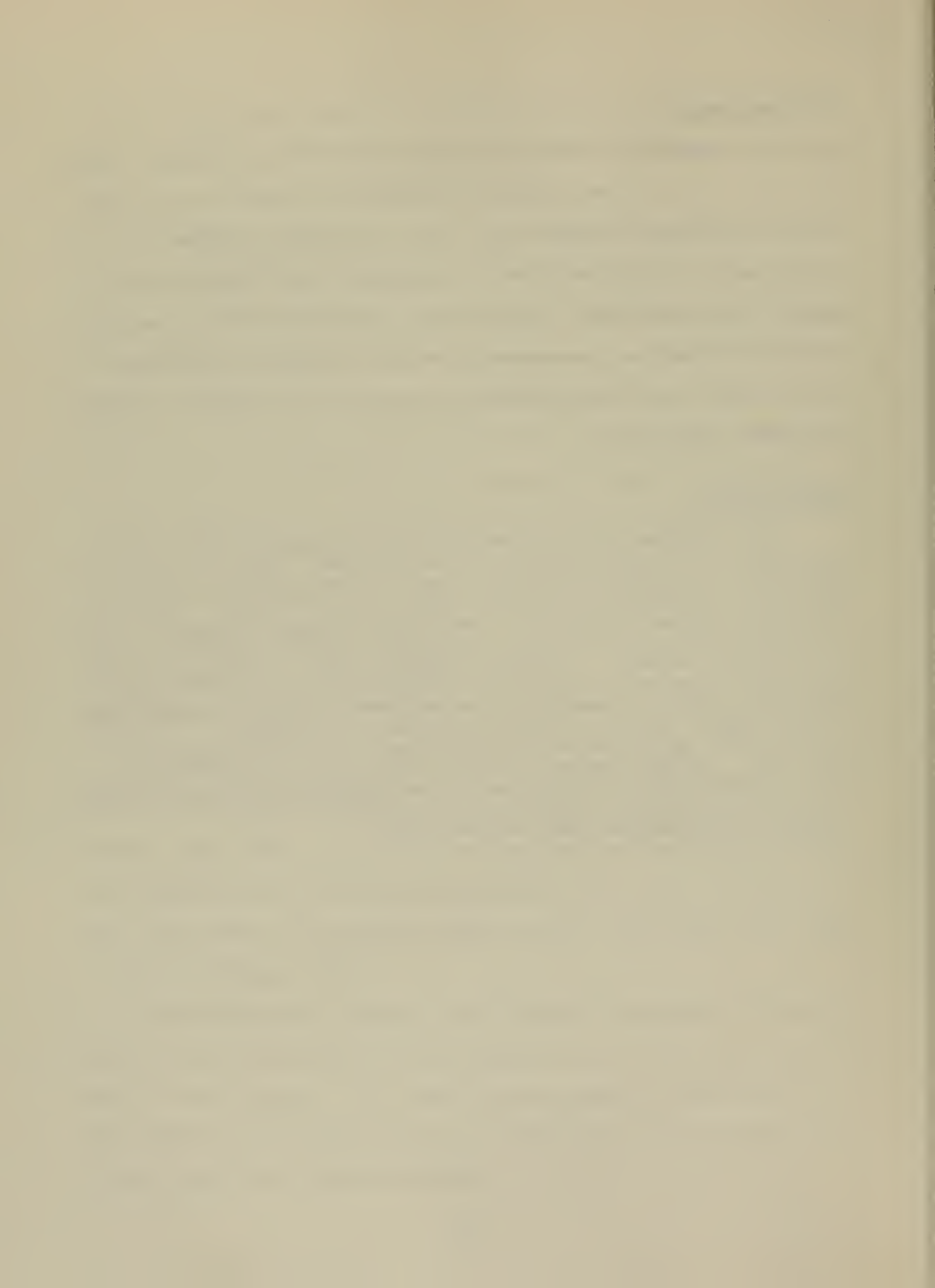
The subcommittee formed by our committee in September 1982 recommended Section 20-7-326, MCA be amended to allow voted levy funds be used for any purpose. The intent of this proposed change was to allow the centers to fund new programs or provide for program improvements without waiting for a legislative session.

48th Legislature

The Legislative Finance Committee successfully sponsored Senate Bill 240, which modified the use of the additional voted mill levy as provided in Section 20-7-326, MCA. Prior to passage of Senate Bill 240, these funds could be used only to pay salaries and benefits above the appropriation for salaries and benefits established by the legislature. Senate Bill 240 allows these funds to be used to supplement the appropriations for any type of expenditures, including salaries, benefits, operating expenses, and equipment.

1985 Biennium

This committee recognizes the importance of completing the "statutory examination" directive of House Joint Resolution 46. In order to do so, we need the complete cooperation of the Office of Public Instruction and the postsecondary centers. We urge the Office of Public Instruction and postsecondary centers to submit final recommendations to this committee prior to June 1984, so that we may consider them for the 1985 Legislature. If these recommendations are forthcoming, an addendum to this report will be prepared and submitted under separate cover.



PART II

FUNDING PROVISIONS OF
HOUSE JOINT RESOLUTION 46



CHAPTER 3

FUNDING HISTORY

Legislative Appropriations

Until the 48th Legislature, four funding sources were appropriated to support the vocational-technical centers. These included general fund, federal funds, tuition, and a permissive local mill levy in the county where the center is located.

The 48th Legislature approved the use of interest from the permanent education trust fund that was previously being reinvested in the trust fund to be used for operating costs at the postsecondary centers. This is effective in fiscal 1984.

Table 1 shows the amounts and the percentage of total revenue each source contributes toward total vocational-technical center legislative appropriations for fiscal 1978 to 1985. No voted levy funds are included in Table 1.

Table 1
Historical Funding, Sources, and Contribution
Montana Postsecondary Vocational-Technical Centers
Fiscal Years 1978-1985

<u>Funding Source</u>	-----Fiscal 1978----- <u>Approp.</u>	% of <u>Total</u>	-----Fiscal 1979----- <u>Approp.</u>	% of <u>Total</u>	-----Fiscal 1980----- <u>Approp.</u> ²	% of <u>Total</u>	-----Fiscal 1981----- <u>Approp.</u>	% of <u>Total</u>
General Fund	\$3,435,682	66.9	\$3,607,039	67.1	\$3,593,896	60.2	\$3,797,131	59.9
Federal Funds	1,115,773	21.7	1,131,589	21.0	1,113,328	18.7	1,113,328	17.6
Millage	432,600	8.4	483,200	9.0	635,280	10.6	801,510	12.6
Tuition	151,883	3.0	157,358	2.9	629,234	10.5	629,234	9.9
Total	\$5,135,938	100.0	\$5,379,186	100.0	\$5,986,955	100.0	\$6,341,203	100.0
	=====	=====	=====	=====	=====	=====	=====	=====
<u>Funding Source</u>	-----Fiscal 1982----- <u>Approp.</u>	% of <u>Total</u>	-----Fiscal 1983----- <u>Approp.</u> ¹	% of <u>Total</u>	-----Fiscal 1984----- <u>Approp.</u>	% of <u>Total</u>	-----Fiscal 1985----- <u>Approp.</u>	% of <u>Total</u>
General Fund	\$4,371,877	61.4	\$5,250,455	65.0	\$4,563,171	53.7	\$4,556,694	51.7
Federal Funds	1,200,000	16.9	843,682	10.5	1,178,657	13.9	1,178,657	13.4
Millage	765,101	10.7	804,733	10.0	823,751	9.7	842,220	9.6
Tuition	782,723	11.0	1,174,078	14.5	1,310,760	15.4	1,503,900	17.1
Educ. Trust Interest	-0-	0.0	-0-	0.0	616,180	7.3	724,730	8.2
Total	\$7,119,701	100.0	\$8,072,948	100.0	\$8,492,519	100.0	\$8,806,201	100.0
	=====	=====	=====	=====	=====	=====	=====	=====

¹Federal funds at level assumed in House Bill 2, Special Session 1, 47th Legislature; November 1981.

²In fiscal year 1980, \$15,217 of other local funds were appropriated.

Between fiscal 1978 and 1983, the general fund appropriation fluctuated between 59 and 67 percent of the total legislative appropriation. The introduction of the education trust fund interest reduces the general fund appropriation in the 1985 biennium to just over 50 percent of the total legislative appropriation. When the education trust fund interest is combined with general fund, the state contribution is approximately 60 percent of the total appropriation. The education trust fund interest is considered state funds.

Between fiscal 1978 and 1983 federal funds decreased from 22 percent to 10 percent of the total legislative appropriation. In the 1985 biennium, the federal funds appropriation is approximately 13 percent of the total appropriation. The dollar amount of federal funds has remained roughly constant and has not increased with enrollment or inflation. This has resulted in the decline of importance of federal funds as a revenue source.

The permissive mill levy appropriation has fluctuated between 8 percent and 12 percent of the total legislative appropriation since fiscal 1978. The permissive millage rate has increased from one mill, established in 1969, to the current one and one-half mills.

The most noticeable change in appropriations as a percent of total is tuition. In fiscal 1978, the tuition appropriation contributed 3 percent towards the total legislative appropriation. In fiscal 1985, the appropriation for tuition is 17 percent of the total legislative appropriation. This is a result of the tuition rate increasing from \$40 per student FTE per quarter in fiscal 1978 to \$180 per student FTE per quarter in fiscal 1985. The number of students has also increased since fiscal 1978, particularly since fiscal 1980. Table 2 illustrates actual student FTE by center from fiscal 1978 to 1983 and the budgeted student FTE for the 1985 biennium.

Table 2
Student FTE Enrollment History
Montana Postsecondary Vocational-Technical Centers
Fiscal 1978-1985

	-----Actual-----						---Budgeted---	
	<u>FY '78</u>	<u>FY '79</u>	<u>FY '80</u>	<u>FY '81</u>	<u>FY '82</u>	<u>FY '83</u>	<u>FY '84</u>	<u>FY '85</u>
Billings	453.1	511.0	416.4	460.5	527.1	504.7	506.0	521.0
Butte	350.9	337.7	285.0	311.7	322.5	341.9	361.0	428.0
Great Falls	360.3	366.7	370.6	434.8	487.8	471.5	487.0	502.0
Helena	608.0	609.2	587.2	662.6	677.4	656.0	694.0	716.0
Missoula	<u>528.9</u>	<u>429.0</u>	<u>494.5</u>	<u>531.2</u>	<u>547.6</u>	<u>560.3</u>	<u>600.0</u>	<u>618.0</u>
Total FTE	<u>2,301.2</u>	<u>2,253.6</u>	<u>2,153.7</u>	<u>2,400.8</u>	<u>2,562.4</u>	<u>2,534.4</u>	<u>2,648.0</u>	<u>2,785.0</u>
	=====	=====	=====	=====	=====	=====	=====	=====

Appropriation per Student-FTE

Combining legislative appropriations from Table 1 and student-FTE from Table 2, the historical and budgeted appropriation per student-FTE for the whole system can be determined as shown on Table 3. The legislative appropriation has increased 71.5 percent from fiscal 1978 to 1985 while the appropriation per student has increased 41.7 percent in the same time period. Student-FTE increased 21.0 percent from fiscal 1978 to the estimated level in fiscal 1985.

Table 3
Legislative Appropriation per Student-FTE¹
Montana Postsecondary Vocational Technical Centers
Fiscal 1978 through 1985

<u>Fiscal Year</u>	<u>Legislative Appropriation</u>	<u>Student FTE</u>	<u>\$ Per Student FTE</u>
1978	\$5,135,938	2,301.2	\$2,232
1979	5,379,186	2,253.6	2,387
1980	5,986,955	2,153.7	2,780
1981	6,341,203	2,400.8	2,641
1982	7,119,701	2,562.4	2,779
1983	8,072,948	2,534.4	3,185
1984	8,492,519	2,648.0	3,207
1985	8,806,201	2,785.0	3,162
Percent Change 1978-1985	71.5	21.0	41.7

¹ Fiscal 1978-1983 student-FTE are actual; Fiscal 1984-1985 are budgeted.

CHAPTER 4

PRIOR BUDGETING TECHNIQUES

Pre-1981

Prior to the 1981 legislative session, the postsecondary vocational-technical centers' budget was developed primarily by the incremental approach. Inflation factors were applied to base year expenditures to arrive at the new expenditure level. Adjustments were made for a variety of factors including changes in enrollment, staff, and physical plant.

1981 Session

During the 1981 session, a budgeting formula was developed by the Education Appropriations Subcommittee to more equitably and accurately reflect the needs of each center. The budget formula was the first step in relating costs to a measurable unit of workload--the number of full-time equivalent students.

Costs were separated into two types: instruction costs and other costs, such as support and equipment. Instruction costs were considered to be dependent upon the number of FTE students. Support and equipment costs were budgeted incrementally, as they had been in the past.

Instruction

The use of instruction costs and FTE in the budget formula was significant for three reasons: (1) instruction costs constitute a large majority of total operating costs; (2) FTE is an easily understood and common method of counting students; and (3) an instruction cost per FTE would make budget allocations more comparable among the centers. In the 1981 session it was assumed that the instruction costs were dependent

upon the student FTE, and that the cost per FTE was the same at each center.

The average instruction cost per FTE was derived by using all centers' fiscal 1980 instruction expenditures and dividing it by the total system FTE students. This fiscal 1980 instruction cost per FTE student was increased to allow for inflation for each year of the 1983 biennium. The system average instruction cost per FTE was estimated to be \$1,934 in fiscal 1982 and \$2,107 in fiscal 1983.

To estimate total instruction cost at each center, the estimated FTE for each center was multiplied by the instruction cost per student FTE.

Support and Equipment

Costs other than instruction were classified as either support or equipment. Support costs included costs relating to administration, student services, instructional support and supervision, and plant operation and maintenance. Equipment costs were expenditures for equipment. Because these two cost categories were considered not to be dependent upon the number of students, they were excluded from the instruction costs. Support and equipment costs were increased incrementally to recognize inflation.

Caps

If the formula had been strictly applied, increases would have ranged from 9 to 29 percent above the fiscal 1981 appropriation level. However, the legislature established parameters in order to avoid dramatic changes in budget levels at the centers. These parameters, referred to as caps, provided minimum and maximum increases, 10 and 15 percent respectively, for each year of the 1983 biennium.

Problems With 1981 Formula Identified

In hope of developing a budgeting process that could treat the centers equitably and address their needs, the directive to consider the "method of financing" was included in House Joint Resolution 46. To better our chances of accomplishing this, we first identified the major problems to the existing budgeting process.

The identification of the budgeting process problems was accomplished through interviews with the postsecondary vocational-technical center directors, the assistant state superintendent for vocational education services, and through committee staff analysis.

The major problems in the existing (1981) budgeting process identified are listed here and discussed below.

1. The caps applied to the appropriation detracted from the effort to base part of the formula on workload;
2. The credibility of capital equipment requests could not be evaluated;
3. The formula relied on historical cost information that may or may not accurately reflect appropriate spending levels;
4. The formula relied on reported FTE information that was not standardized; and
5. Salary-related problems.

Caps

Several center directors noted the caps were a problem because they thwarted the purpose of the budget formula which was developed to equitably and accurately estimate the needs of each center. For example, in fiscal 1982 the budget formula estimated that three of the five centers would have expenditure increases of over 20 percent based on projected FTE and cost increases. These centers' appropriation increases were

capped at 15 percent. The two other centers, however, received appropriations that equaled or exceeded the expenditure levels estimated by the budget formula. This was perceived by some as countering the equalization of appropriations for instruction.

Equipment

The legislature could not evaluate the credibility of equipment requests. This problem existed primarily because the centers did not maintain capital equipment inventory records that included such information as original cost (or market value) of the equipment, useful life, program identification, and year obtained. If the centers would develop and maintain a capital equipment information base, these factors affecting the problem would be addressed. The legislature could then evaluate equipment requests more confidently and accurately estimate equipment needs. Lacking such information, it would be difficult to base equipment appropriations on more than enrollment or inflation.

Historical Cost Base

Developing appropriations for each center from historical cost data was seen as a problem. Using historical costs made the assumption that past expenditure levels were appropriate. Without the benefit of cost and program analysis, basing budgets on historical costs would continue possible inefficiencies, overspending, or underspending.

Counting FTE Students

Inconsistency among the centers in counting or reporting FTE enrollment was a problem. Because each center establishes its school day length

and quarter length at the local level, each center's conception and definition of a FTE could differ from the other centers. The Office of Public Instruction had defined a full-time equivalent student as a student who received 250 classroom contact hours per quarter. Not all centers used this standard FTE when reporting FTE information because the school day length for a FTE and the number of days in a quarter varied. This lack of consistent reporting caused the FTE count reported by the centers to be unusable for comparison among the centers.

Salaries

There were two problems related to salaries. The first was that some centers perceived the salary appropriation for the 1983 biennium to be inequitable. This perception existed because of the restraints imposed by the caps and because of the variation in salaries among the centers.

The second problem was that salaries are tied to the local salary negotiation process and the voted levy. The voted levy was provided by the 46th Legislature to allow local negotiators the ability to pay salaries or benefits above increases provided in the state pay plan. The size of the voted levy had increased to the point where the centers were concerned that local support, via the voted levy, would stop or be reduced.

Committee Instruction

With these problems identified, we directed the staff to pursue the study with the following guidelines:

1. Cost analysis should be performed on the program level to allow for possible identification of program cost differentials and the cause of differentials;
2. The funding formula should be based on variable and fixed costs;

3. Detailed equipment information was essential to effectively analyze future budget requests; and
4. It was not appropriate at this time to pursue a remedy for voted levy problems.

CHAPTER 5

COST ANALYSIS

As a result of the guidelines we set forth at the March 1982 committee meeting, the staff concentrated on collecting and analyzing information in two different areas: 1) equipment inventory and, 2) cost information on the instruction and support program level.

Equipment Inventory

The postsecondary centers were requested to submit detailed equipment inventory information that would enable the legislature to make an informed decision on the equipment budget request for each center. In a December 1981 audit report, the Legislative Auditor had recommended the Missoula Vo-Tech adopt the state's Property Accountability and Management System (PAMS) for the center's fixed assets. In the spring of 1982, the information necessary for the PAMS system was requested from the centers via the Office of Public Instruction. The completed PAMS reports were received in the fall of 1982 and were used in the budget analysis report for the 48th Legislature.

Program Level Cost Analysis

The committee directed the staff to pursue the study by examining costs on the instruction and support program level. This meant that costs were analyzed for each individual instruction program, such as auto mechanics and nursing, and individual support programs, such as administration and plant operation and maintenance. Heretofore, costs had been summarized by total instruction and total support for each center.

The purpose of the program level cost analysis was to determine if there was any valid support for the general feeling that some types of instruction and support programs were more or less costly to offer than other types. The analysis would allow identification of the cost differences and serve as a basis for projecting future program costs. In order to provide a legitimate basis for program level budgeting, there were certain conditions surrounding the cost data that should be evident:

1. For each type of program, the cost differences should be present at all centers offering the program.
2. For each type of program, the costs per student should be similar among the centers.
3. The cost differences among different programs should be material.

General Methodolgy

Programs were categorized as instruction or support and were examined separately. Standard definitions were developed for use in the study. These are presented in the glossary. (See Appendix D.)

The analysis spanned five years: fiscal years 1978 through 1982. For each year studied, actual expenditures were examined by program on a per student FTE basis to provide for meaningful comparability among the centers. In order to determine the state cost, CETA and voted levy funds were removed from the reported expenditures.

Instruction Programs

The instruction program cost analysis concentrated on six instruction programs. These programs represented a majority of the student FTE and at least 45 percent of the instruction expenditures at all centers for the study period. The programs included Practical Nursing, Accounting/

Bookkeeping, Business Data Processing, Secretarial, Auto Mechanics, and Welding.

Expenditures per student-FTE were examined to determine if consistent, material cost differentials were present for each selected instruction program. There was no cost consistency among any of the programs during the study period.

The differing salary levels among the centers and the uneven distribution of equipment purchases in each year frustrated attempts to find true program cost differentials. In an effort to determine if cost differences were the result of only varying salary levels among the centers, personal services per faculty FTE were equalized among the centers for each year of the study period. In addition, each center's capital expenditures by program were averaged for the study period; that average was used as the capital equipment expenditures each year. The costs were then re-examined for the existence of program cost differentials. On Table 4, the resulting spectrum of instruction costs per student-FTE is evident.

Table 4
Total Instruction Cost/Student-FTE¹
Selected Instruction Programs
Fiscal Years 1978-1982

<u>Fiscal 1978</u>	<u>LPN</u>	<u>Acct/Bkcp</u>	<u>Bus. DP</u>	<u>Sec'y</u>	<u>Auto Mech</u>	<u>Welding</u>
Billings	\$1,612	\$1,236	\$ ---	\$1,236	\$1,617	\$2,124
Butte	1,240	879	2,056	1,363	998	1,245
Great Falls	1,197	834	2,040	898	---	---
Helena	1,350	1,141	1,821	2,433	956	1,064
Missoula	1,769	805	2,958	1,233	---	1,692
<u>Fiscal 1979</u>						
Billings	\$1,837	\$1,119	\$ ---	\$1,119	\$1,547	\$1,693
Butte	1,941	646	1,201	1,129	861	1,373
Great Falls	1,119	946	1,724	1,164	---	---
Helena	986	1,141	1,616	3,822	1,064	1,205
Missoula	2,200	798	3,120	1,701	---	1,673
<u>Fiscal 1980</u>						
Billings	\$1,951	\$1,599	\$ ---	\$1,599	\$2,232	\$1,673
Butte	2,294	868	1,480	1,930	1,287	1,686
Great Falls	1,117	827	1,466	1,153	---	---
Helena	1,423	1,230	1,498	3,172	1,310	1,279
Missoula	1,748	549	2,347	1,802	---	1,588
<u>Fiscal 1981</u>						
Billings	\$2,371	\$1,450	\$ ---	\$1,813	\$1,979	\$1,956
Butte	2,100	831	1,309	1,736	1,450	1,709
Great Falls	1,230	810	669	1,028	---	---
Helena	1,841	1,706	1,718	1,952	1,220	1,161
Missoula	2,147	456	2,253	1,765	---	1,899
<u>Fiscal 1982</u>						
Billings	\$2,143	\$1,439	\$ ---	\$1,631	\$1,698	\$2,043
Butte	2,449	1,057	1,063	1,588	1,524	2,036
Great Falls	1,181	967	604	1,162	---	---
Helena	2,010	2,060	1,649	2,586	1,226	1,492
Missoula	1,515	346	1,954	1,994	---	1,813

¹Costs reflect faculty compensation equalized among the centers and a five-year average equipment cost per student by center.

The LPN Program had the highest instruction cost per student-FTE at the Billings, Butte, and Great Falls centers in fiscal 1981 and 1982. Concurrently, the Accounting Program had the lowest cost per student-FTE at the Billings, Butte, and Missoula centers. However, while these programs were ranked "high" and "low" at these centers, the cost variance among the centers for the individual programs was very large. For example, in fiscal 1982 the costs per student in the LPN program varied from \$1,181 to \$2,499--a 100 percent variance. The cost variance between the centers for the accounting program was nearly 500 percent. The cost inconsistencies violated our criterion number two for program cost differentials, which states that for each type of program, the cost per student should be similar among the centers. With a 500 percent variance between different experienced levels, it would be difficult to select an appropriate figure on which to base future projections.

Some centers also showed a particular program to be high cost while the other centers did not. For example, Helena showed its secretarial program to be its highest cost program each year of the study period. Only in fiscal 1982 was it joined with Missoula's secretarial program as being the highest cost program for a center. This program cost differential experienced by Helena was not shared by most of the centers for the secretarial program. This violated our first criterion for legitimate program cost differentials, which states that for any given program, the cost differences should be present at all centers offering the program.

As the examples show in the above two paragraphs, no concrete evidence was found for system-wide program cost differentials. Therefore,

budgeting by individual instruction program was considered by the committee to be without a sound basis. However, the committee felt the legislature could continue to budget instruction costs on a per student-FTE basis on the system level. This is desirable for several reasons. A budget based on an instruction cost per student-FTE provides comparability among the centers for both appropriations and expenditures relating to instruction. It also provides continuity in the budgeting process and can be used as the basis for an equitable distribution of funds to support the instruction programs.

Average Instruction Cost Per Student-FTE

At this point, the analysis showed there was no valid basis for program level budgeting. Budgeting could continue on a system average cost per student and would carry several advantages just mentioned. The top of Table 5 on the following page shows, however, that the average instruction cost per student for all instruction programs varies by center. Further analysis was directed towards pinpointing the cause of this cost per student variation.

Personal Services

The instruction cost is composed of personal services, operating expenses, and equipment. By far the largest component is personal services.

Two factors that affect the personal services cost per student-FTE are the student faculty ratio and the average faculty compensation. The student faculty ratio is the ratio of the number of students to the number of faculty teaching the students. The average faculty compensation is

calculated by dividing total faculty compensation by the number of faculty. Faculty compensation is set by the school district in which each center resides. Table 5 illustrates the average instruction cost per student-FTE for each center with and without equalized student-faculty ratios and faculty compensation.

Table 5
Average Instruction Cost per Student, FTE
Actual versus Equalized Factors
Fiscal Year 1982

	<u>Billings</u>	<u>Butte</u>	<u>Gt. Falls</u>	<u>Helena</u>	<u>Missoula</u>
<u>A. Actual Factors</u>					
1. Personal Services	\$ 1,381	\$ 1,720	\$ 1,178	\$ 1,342	\$ 1,718
2. Operating Expenses	259	116	166	192	258
3. Equipment	<u>11</u>	<u>64</u>	<u>69</u>	<u>67</u>	<u>57</u>
4. Total Avg. Instruction Cost per Student FTE	\$ 1,651 =====	\$ 1,900 =====	\$ 1,413 =====	\$ 1,601 =====	\$ 2,033 =====
5. Student/Faculty Ratio	14.48	14.33	16.54	17.46	13.11
6. Avg. Faculty Compensation	\$19,635	\$24,723	\$19,542	\$23,461	\$22,552
<u>B. Equalized Factors</u>					
1. Personal Services	\$ 1,450	\$ 1,450	\$ 1,450	\$ 1,450	\$ 1,450
2. Operating Expenses	259	116	166	192	258
3. Equipment	<u>11</u>	<u>64</u>	<u>69</u>	<u>67</u>	<u>57</u>
4. Total Avg. Instruction Cost per Student FTE	\$ 1,720 =====	\$1,630 =====	\$1,685 =====	\$1,709 =====	\$1,765 =====
5. Student Faculty Ratio ²	15.16	15.16	15.16	15.16	15.16
6. Avg. Faculty Compensation	\$21,981	\$21,981	\$21,981	\$21,981	\$21,981

¹Part B of the table equalizes the Average Faculty Compensation and Student Faculty Ratio factors for each center. This causes the Personal Services cost per student FTE to become equal at each center. Operating expenses and equipment in Part B are actual expenditures.

²The actual fiscal 1982 system average student faculty ratio was used here. Insufficient data were available to determine if any one of the centers had the appropriate ratio.

The top part of Table 5 shows the actual student-faculty ratio and the average faculty compensation for each center in fiscal 1982. The student faculty ratios varied 33 percent; from 17.46 in Helena to 13.11 in Missoula. The average faculty compensation ranged from \$19,542 in Great Falls to \$24,723 in Butte, a 26 percent variance. The variance among the centers of these two factors caused a variance in the average instruction cost per student-FTE of 44 percent; from \$1,413 at Great Falls to \$2,033 at Missoula.

The bottom part of Table 5 shows the effect on each center's average instruction cost per student-FTE when these two factors are the same for each center. Operating expenses and equipment costs were not changed. As Part B of Table 5 shows, the variability among the centers of the instruction cost per student became much smaller, 8 percent between \$1,765 at Missoula and \$1,630 at Butte, when the student faculty ratio and average faculty compensation were made equal for each center. This indicates that the centers would receive a more equal instruction appropriation per student-FTE if the student faculty ratio and average faculty compensation rate were equalized. Using these two factors in the budgeting process was presented to the committee and the advantages cited for using them are included here:

1. It would send a message to the vo-techs about the salary levels and faculty numbers that would be funded;
2. It would focus legislative attention on the key elements affecting the major cost component of instruction;
3. It would be responsive to enrollment changes;
4. The personal services component could be identified easily and used as a basis for future study; and
5. The separate identification of average faculty compensation could be used in comparison with other state agencies.

We discussed the possibility of utilizing an equalized student faculty ratio and an equalized average faculty compensation rate. Concern was expressed for the effect on the local negotiation process and local bargaining unit if the legislature used an equalized faculty compensation rate. The use of equalized average faculty compensation was subsequently rejected because actual achievement of equal average salaries was perceived by the committee to be highly unlikely due to the local school districts establishing the salaries.

We also discussed the possibility of using an equalized student faculty ratio in the process of establishing an instruction cost per student. It was brought out that the system's average instruction cost per student in any given year reflects the actual number of faculty and students within the system in the same time period, and therefore, the system average student faculty ratio. The use of an externally imposed student faculty ratio was subsequently rejected.

Operating Expenses and Equipment

The instruction operating expense per student also varied among the centers. The composition of these expenses, primarily instruction supplies, indicated a dependency on the number of students when considered in the long run.

Equipment costs per student were found to vary from year to year and among centers. However, when considered in the long run, most of the centers spent roughly comparable amounts on equipment per student-FTE. Table 6 below illustrates the average equipment expenditure per student for all instruction programs for fiscal 1978 to 1982.

Table 6
Average Instruction Equipment Cost per Student-FTE
Fiscal 1978-1982

<u>Fiscal Year</u>	<u>Billings</u>	<u>Butte</u>	<u>Gt. Falls</u>	<u>Helena</u>	<u>Missoula</u>	<u>Avg. System</u>
1978	\$12	\$ 0	\$17	\$48	\$ 0	\$18
1979	0	4	0	10	10	5
1980	63	71	57	49	68	60
1981	58	62	51	42	78	57
1982	11	65	69	67	57	53
Five-year Average	\$27	\$39	\$41	\$44	\$44	\$39

Support Programs

The support program analysis examined the level of support services available at each center and examined the costs as a basis for program level budgeting.

There are five support functions a center may choose to offer. The functions, a description of each, and typical staff positions are delineated in Table 7. The vocational technical center determines the type and level of support service it will provide.

Table 7
Description of Support Service Functions
Montana Postsecondary Vocational-Technical System

<u>Function</u>	<u>Description</u>	<u>Staff Positions</u>
Administration	Administrative Operation of Center.	Director, Ass't. Director, Bus. Mgr., Accountant, Bookkeeper, clerical staff support.
Student Services	Administrative and Educational services provided for direct benefit of the students.	Counselors: placement, guidance, financial aid, admissions; clerical staff support.
Plant O & M	Services provided for the maintenance activities of the Center.	Janitors, custodians, maintenance engineer.
Instructional	Services provided for the direct benefit of instructors, coordination of instructional program.	Assistant Director, Department chairperson, technical assistants, clerical support staff.
Media	Multi-Media services to students and/or staff.	Librarian, clerical support staff, technical assistants.

In addition to the support services provided by each center, the local high school district can also provide services to the vocational-technical centers at no cost to the center. These are known as in-kind services. The level of in-kind services provided to the center depends upon the level of center-provided support functions, the need portrayed for the in-kind services, historical use of the services, and the philosophy of each local high school district. These services are administrative and operational in nature. The support services provided by each center and the in-kind services provided to each center for fiscal 1982 are shown on Table 8.

Table 8
Support Service Functions and In-Kind Services by Center
Fiscal 1982

Support Program	Staff Position/Service	--Billings--		---Butte---		--Gt. Falls--		---Helena---		--Missoula--	
		Avail.	Staff FTE	Avail.	Staff FTE	Avail.	Staff FTE	Avail.	Staff FTE	Avail.	Staff FTE
Support Services Functions Provided by the Center :											
Administration	A1 Director	X	1.00	X	1.00	X	1.00	X	1.00	X	1.00
	A2 Business Manager							X	1.00	X	1.00
	A3 Accountant	X	1.00	X	.66	X	2.00	X	1.00		
	A4 Bookkeeper	X	1.00	X	2.38	X	1.10	X	2.36	X	2.00
	A5 Clerical Support Staff									X	1.50
Student Services	B1 Guidance Counselor	X	1.00	X	2.38	X	1.10	X	2.36	X	1.46
	B3 Financial Aid Counselor			X	.60	X	.50	X	.28	X	1.25
	B4 Registrar/Admissions Counselor			X	.60			X	.28	X	1.30
	B5 Other Professional Staff	X	1.00					X		X	1.25
	B6 Clerical Support Staff	X	2.00	X	2.00	X	1.00	X	.93	X	1.00
Plant O & M	C1 Janitorial Services	X	2.65	X	2.94	X	4.00	X	4.00	X	6.00
Instructional Support & Supervision	D1 Assistant Director	X	1.00	X	1.00	X	1.00	X	1.00	X	1.00 ²
	D2 Dept. Chairperson(s)										
	D3 Technical Assistants			X	.66						
	D4 Clerical Support Staff	X	1.00	X	1.34	X	1.00	X	4.51	X	4.50
	D5 Other Professional Staff							X	.56		
Media	E1 Professional Librarian					X	.50 ¹			X	1.15
	E2 Clerical Support Staff			X	.66	X	2.00	X		X	1.00
	Total Staff FTE	--	11.65	--	14.83	--	15.60	--	18.34	--	25.41
In-Kind Services Provided by District to Center											
Business Manager	F1 Bidding	X		X							
	F2 Purchasing	X		X		X					
	F3 Payroll	X		X							
	F4 Other Accounting			X							
	F5 Insurance	X		X							
Administrative Personnel	G1 Salary Negotiations	X		X		X		X		X	
	G2 Records Maintenance	X		X		X		X		X	
Other	H1 Supervision	X		X						X	
	H2 Computer Services			X							
	H3 Legal			X							
	H4 Miscellaneous			X				X		X	
Operation & Maintenance	I1 Use of Plant	X		X							
	I2 Ground Services	X		X							
	I3 Warehousing					X		X		X	
	I4 Other Operation & Maint.			X		X		X		X	

¹ Includes one clerk, one technical assistant. / ² The department chairpersons are not included in the support staff FTE count.

While the center-provided support services vary among the centers, it has remained fairly constant at each center for the past five years. Some basic support functions are provided by each center, such as the director and assistant director, guidance counselor, accountant or bookkeeper, janitorial staff, and clerical support staff. Other center-provided support functions seem to be optional and at the centers' discretion. However, between the services provided by the centers and the district-provided in-kind services, all support functions seem to be provided with the exception of media services.

For each year of the analysis, total center-provided support function costs were examined on a per student-FTE basis to determine if there was a basis for program level budgeting of support service. Table 9 shows plant operation and maintenance had consistently ranked as the highest support cost function per student-FTE during the study period. Similar to the instruction programs, however, the costs per student-FTE within this function have varied among the centers each year.

Table 9
Cost Per Student-FTE by Support Service Function
Fiscal Years 1978-1982

	<u>Admin.</u>	<u>Student Services</u>	<u>Plant O & M</u>	<u>Instructional Support & Supv.</u>	<u>Media Services</u>	<u>Total Center Support Cost/ S-FTE</u>
<u>Fiscal 1978</u>						
Billings	\$116	\$120	\$265	\$247	\$N/A	\$ 748
Butte	153	146	218	see Admin. ¹	41	558
Great Falls	178	186	309	129	21	823
Helena	110	138	246	184	N/A	678
Missoula	253	213	311	189	37	1,003
<u>Fiscal 1979</u>						
Billings	\$ 108	\$110	\$282	\$197	\$N/A	\$ 697
Butte	174	225	247	234	3	883
Great Falls	182	201	315	221	21	940
Helena	97	154	270	247	N/A	768
Missoula	271	271	448	291	57	1,338
<u>Fiscal 1980</u>						
Billings	\$134	\$142	\$499	\$200	\$-0-	\$975
Butte	215	307	275	274	82	1,153
Great Falls	118	149	321	234	24	916
Helena	198	150	293	214	N/A	855
Missoula	279	293	408	246	94	1,320
<u>Fiscal 1981</u>						
Billings	\$136	\$150	\$307	\$161	\$ 5	\$ 759
Butte	198	407	250	225	40	1,120
Great Falls	156	149	293	177	85	860
Helena	185	125	327	186	N/A	823
Missoula	287	258	408	278	85	1,316
<u>Fiscal 1982</u>						
Billings	\$145	\$154	\$279	\$153	\$ 5	\$ 736
Butte	226	467	198	364	41	1,296
Great Falls	148	168	294	192	90	892
Helena	218	142	394	215	N/A	969
Missoula	295	303	462	213	130	1,403

¹Cost data for Instructional Support and Supervision was combined with Administration for the Butte center in fiscal 1978.

For those centers that offered media services, the function consistently ranked as the lowest cost function per student-FTE. Again, the cost range for this service among the centers was very large. Not every center offered media services. The other support functions' costs were examined for rank and consistency of the same function among the centers. None of the other functions consistently ranked as a "high" or "low" cost function and there were no cost similarities in the same function among the centers. Therefore, there is no basis for program level budgeting of support services.

Another area examined was the relationship between the variety and level of services offered at each center and the costs per student-FTE. For example, Billings Vo-Tech does not have a business manager on staff, while Missoula does. These institutions have approximately the same student-FTE. In fiscal 1982, Billings' administrative cost per student-FTE was less than half of Missoula's (see Table 9.) Great Falls Vo-Tech has a half-time librarian, while Butte has only a part-time library clerk. Great Falls' media cost per student-FTE is twice that of Butte's.

In conjunction with examining center-provided services, each center was requested to provide the committee the value of the in-kind services received from their local districts. Most of the centers were unable to provide an exact value; however, when estimates were available, they did not always add significantly to the support cost per student-FTE. Table 10 compares the total support cost per student-FTE with and without the estimated value of the in-kind services for each center in fiscal 1982. It is also evident from the table that including in-kind services in the support cost computation did not cause the centers' support cost per student-FTE to become more equal.

Table 10
Total Support Cost Per Student FTE
With and Without In-Kind Services
Fiscal 1982

<u>Center</u>	<u>Without In-kind Svcs.</u>	<u>With In-kind Svcs.</u>	<u>Estimated Cost Increase</u>
Billings	\$ 736	\$ 769	4.5%
Butte	1,296	1,515	16.9%
Great Falls	892	988	10.8%
Helena	969	969	0.0%
Missoula	1,403	1,533	9.3%

¹The Helena Vo-Tech Center could not estimate the value of the in-kind services provided to them by the local district.

It appeared that the variety and level of support services--primarily center-provided support services--directly affected the cost per student-FTE. As long as the service types and levels differed among the centers, the cost differences would remain wide.

Summary of Findings

The analysis showed us there is no basis for program level budgeting for the instruction or support areas. However, budgeting on a system average unit cost per student-FTE was a desirable alternative in order to provide continuity and comparability amongst the centers.

The use of equalized student faculty ratios and average faculty compensation was shown to have a potentially large impact towards equalizing the instruction cost per student-FTE. Instruction operating expenses and equipment were found to relate well to student-FTE.

In the support area, the analysis showed that the cost per student was largely a reflection of the type and level of service provided by the center.

Budget Formula Options

Formula options considered by the committee were generally divided into instruction or support categories. These options are described and discussed below.

1. Instruction

a. Maintain the current method of developing the instruction program budget. This is a flat rate per student FTE for all instruction costs with no direct recognition of student faculty ratios, faculty compensation, or equipment costs. The varying student faculty ratios and faculty compensation are inherent in the flat rate; the equipment is addressed separately. This option will not specifically encourage equalization of either student faculty ratios or faculty compensation.

b. Develop the instruction program budget by estimating the personal services component with an equalized student faculty ratio and average faculty compensation. The operating and equipment expense would be a flat rate per student based on average costs. This approach would send a message to the vo-techs regarding the number of faculty that would be funded and average compensation. It would focus legislative attention on the key elements affecting instruction cost and provide a basis for future study. This approach would also be responsive to enrollment changes. The disadvantage with this option is that the local negotiation process would make real achievement of equal salaries difficult.

c. Develop the instruction program budget by establishing an equalized student faculty ratio but allowing faculty compensation to vary among the centers. Operating and equipment expenses would be a flat rate per student based on average cost. This option would

also indicate to the vo-techs the number of faculty they could expect to be funded by the state. The legislature would also focus on one of the factors affecting instruction cost.

2. Support

a. Determine the centers should be provided the opportunity to offer the same type and level of support service. This would be accomplished by appropriating an equal amount per FTE student to all centers. The cost per student FTE appropriated would dictate the level of service. A unit cost reflecting the system average would allow Billings to upgrade its support service function while causing Missoula to draw from its instruction budget, reduce its support services, or request help from the local district. A unit cost reflecting a high level of service would allow Missoula to maintain its current level support services and provide Billings with the funds to bring its support function to the same level as Missoula. Regardless of unit cost, providing the opportunity for equalized service types and levels via budgeting on a per student-FTE basis would negate the unequal funding per student-FTE that currently exists in the system.

b. Determine the current cost differences and service level differences among the centers are appropriate. In this case the budgeting procedure could continue as it was in the last regular session: The support costs were considered fixed and were budgeted only to recognize inflation. This approach would maintain current level support services as they exist in the base year. The Legislature could also consider program modifications separate from the base and individually for each center.

Subcommittee Formed

Before the committee approved a budget formula to use for the biennial budget analysis, a subcommittee was appointed for the purpose of accomplishing two missions: (1) analyze all budget options and make recommendation to the full committee, and (2) reexamine the governance structure of the postsecondary vocational-technical system and recommend changes to the governance structure if deemed necessary.

The work of the vocational education subcommittee is discussed in the next chapter.

CHAPTER 6

VOCATIONAL EDUCATION SUBCOMMITTEE

The subcommittee was appointed in September 1982 and was directed to examine the governance structure and budget options and report back to the committee at our October 1982 meeting. In this limited time frame, the subcommittee members visited each postsecondary vocational center, spoke with members of the local school board, local school district, center directors, and staff representatives to determine any problems with the current governance structure and whether any changes were necessary or desirable.

Subcommittee members also worked with committee staff in evaluating budget options and preparing recommendations to the full committee.

Governance Structure

On their visits to the postsecondary centers, subcommittee members used a "working questionnaire" that addressed several governance-related issues. This questionnaire is located in Appendix E. The general feedback received by the subcommittee was the local school districts and boards of trustees want the vocational technical centers to remain a part of the local district. Local support for the voted levy can best be described as uncertain. The subcommittee recommended to the committee that no change be proposed to the existing governance structure.

Funding Formula Option Analysis

At the time the subcommittee was formed, several budgeting options had been offered for our consideration. The committee requested the subcommittee further explore these or other options and make recommendation to the committee at the October 1982 meeting.

Occupation Groups

In addition to the options presented at the September 1982 meeting, the subcommittee members requested the staff to develop the instruction cost per student on an occupation group basis. That is, similar programs such as secretarial and office clerk would be placed in the same occupation group, as would welding and diesel mechanics be placed in a similar occupation group. This differs from program budgeting in that individual program costs per student are not developed; rather, an index is developed for the relative cost of one occupation group compared to the average cost of all instruction programs. The purpose of requesting this occupation grouping was because there was still feeling among the subcommittee members that recognition should be given for so-called "high" and "low" cost programs.

Support Staff Standards

The Office of Public Instruction proposed support staff standards in its draft copy of the 1982 Policy and Procedures manual for the post-secondary vocational-technical centers. The subcommittee requested the staff analyze the possibility of employing support staff standards to develop personal service costs for support services.

Student-FTE

The subcommittee also requested the staff to determine a reasonable method to make the student-FTE conversion from contact hours to FTE, similar to the university system. Although the Office of Public Instruction corrected the FTE reporting problems discussed in Chapter 4, the existing 750-hour conversion standard did not relate well to a full-time student. As shown in Table 11, most full-time students attended classes more than

750 hours per school year. In order to make the FTE count relate more to an actual full-time student, the conversion standard was increased from 750 hours to 1,000 hours. This conversion standard was endorsed by the committee and used by the 48th Legislature.

Table 11
Estimated Annual Student Contact Hours by Center
Fiscal 1982

	<u>Standard</u>	<u>Billings</u>	<u>Butte</u>	<u>Gt.Falls</u>	<u>Helena</u>	<u>Missoula</u>
Average School Day Length ¹	5.0 hrs	6.0 hrs	5.0 hrs	5.5 hrs	6.0 hrs	6.0 hrs
Days in the Quarter	50 days	57 days	58 days	59 days	57 days	57 days
Number of Quarters	3	3	3	3	3	3
Total Contact Hours	750.0	1,026.0	870.0	973.5	1,026.0	1,026.0

¹ Average teaching day length was used as average school day length.

Funding Formula Recommendations

The subcommittee recommended to the full committee the following budget options. The rationale for the recommendation is included here also.

1. Instruction Budget

a. That the instruction budget be developed from an occupation group index. The costs included in the instruction budget would be personal services and operating expenses. This was recommended as an alternative to using the system average cost and because of the belief by the subcommittee that certain types of education programs were relatively more or less costly than the average cost; or

b. That the instruction budget be based on a flat rate, the system average cost, per student-FTE. The costs included in this instruction budget would also be personal services and operating expenses. This approach would provide continuity from the 1981 formula and was considered a concept easy to understand.

2. Support Budget

a. That plant operation and maintenance costs be considered a fixed cost for each center and be adjusted incrementally. This recommendation was offered because of the differences in physical plant among the five centers.

b. That the other support areas' (administration, instruction supervision and support, student services, and media) budgets be based on staffing guidelines recommended by the Office of Public Instruction. This would be used as a starting point; changes to the staffing levels could be considered during the 48th Legislature. The staffing guidelines would develop personal services costs. Operating expenses would be estimated for each center based on system average costs. This was recommended because the subcommittee felt it would treat the centers equitably and provide the opportunity for all centers to offer similar support services.

3. Capital Equipment Budget

a. That a portion of the equipment budget be considered variable and FTE-driven. This would provide funds for small unit cost capital equipment. All capital equipment with a unit cost less than an established

level¹ would have to be purchased from the variable portion of the capital equipment appropriation.

b. That major capital equipment requests with a unit cost above a specified minimum level be submitted with justification for approval by the legislature.

The Legislative Finance Committee adopted these recommendations and advised the staff to proceed with the budget analysis using these recommendations.

¹\$1,000 was used in the 1983 Legislative Session.

CHAPTER 7

BUDGET ANALYSIS

The budget proposed for the postsecondary vocational technical system in the Budget Analysis book prepared by our staff was based on the recommendations discussed in the last chapter. The development of the budget recommendation in the Budget Analysis is described below.

Student-FTE

The instruction budget, and part of the capital equipment and support budgets are directly affected by the number of student-FTE's. The standard endorsed by the committee to convert student contact hours to student-FTE was changed from 750 to 1,000. The 1,000 contact hour per FTE was used in the staff's Budget Analysis.

Pay Plan Not Included

Pay plan increases were not included in the budget analysis because the increase was unknown at the time the budget analysis was developed.

Instruction Cost Component

This component was determined by a flat rate per FTE and the estimated enrollment of each center. The rate was determined by adding the fiscal 1982 personal services and operating expenses for all instruction programs for the system and dividing by fiscal 1982 total student FTE. This rate estimated the system average annual cost of instruction for each student, and was known as the current level option. The 1985 biennium rates proposed in the Budget Analysis are the result of computing the fiscal 1982 actual average instruction cost per student-FTE and allowing inflation adjustments only to the operating expenses for fiscal 1984 and 1985.

Table 12 illustrates the actual cost per student in fiscal 1982 and fiscal 1983 and the estimated cost per student in the 1985 biennium using the current level option.

Table 12
Instruction Cost Component Comparison¹
1983 Biennium vs. 1985 Biennium

	Actual FY '82	Actual FY '83	Current Level FY '84	Option ² FY '85
Billings	\$1,619	\$1,771	\$1,848	\$1,862
Butte	1,841	2,087	1,848	1,862
Great Falls	1,348	1,594	1,848	1,862
Helena	1,524	1,802	1,848	1,862
Missoula	1,982	2,035	1,848	1,862
Student Weighted Average	\$1,649 =====	\$1,847 =====	\$1,848 =====	\$1,862 =====

¹Costs based on Student-FTE that have been estimated using 1,000 hour conversion factor.

²Does not include salary increases.

Support Cost Component

As directed by the committee, the budget proposed in the Budget Analysis for support costs other than plant operation and maintenance was estimated with the use of staffing guidelines proposed by the Office of Public Instruction in the fall of 1982. These staffing standards are listed in Table 13 on the next page.

Table 13
Support Staff Standards
Utilized in Support Cost Component
Postsecondary Vocational Technical Centers Budget Formula
1985 Biennium

<u>Function</u>	<u>Staff Standard</u>
Administration	1 Director
	1 Assistant Director
Support	1 Business Manager <u>or</u> Chief Accountant
	1 Counselor for every 300 students
	1 Librarian or Media Specialist
	1 Head Custodian with a staff of 1.00 FTE to each 35,000 gross square feet of facility
Clerical	1 Administrative Secretary
	1 Secretary : 3 Administrative staff
	1 Secretary : 5 Support staff
	1 Secretary : 10 Instruction staff

Personal Services

These standards were used to estimate support staff requirements for the 1985 biennium exclusive of plant operation and maintenance personnel. Table 14 shows the number and type of support staff estimated for the centers by the support standards.

Table 14
Development of Support Staff Requirements¹
1985 Biennium

	<u>Billings</u>	<u>Butte</u>	<u>Gt.Falls</u>	<u>Helena</u>	<u>Missoula</u>
Number of Student FTE ²	519.10	322.50	487.80	677.50	547.60
Faculty FTE	32.40	22.50	29.50	32.82	41.78
<u>Staff Standard</u>					
1 Director	1.00	1.00	1.00	1.00	1.00
1 Assistant Director	1.00	1.00	1.00	1.00	1.00
1 Business Mgr. <u>or</u> Chief Accountant	1.00	1.00	1.00	1.00	1.00
1 Counselor for every 300 Students	1.75	1.10	1.65	2.25	1.85
1 Librarian or Media Specialist	1.00	1.00	1.00	1.00	1.00
1 Administrative Secretary	1.00	1.00	1.00	1.00	1.00
1 Secretary: 3 Administrative Staff	.67	.67	.67	.67	.67
1 Secretary: 5 Support Staff	1.85	1.33	1.85	1.90	2.00
1 Secretary: 10 Instruction Staff	<u>3.25</u>	<u>2.25</u>	<u>3.00</u>	<u>3.90</u>	<u>4.20</u>
Total Support Staff	12.52	10.35	12.17	13.72	13.72
	=====	=====	=====	=====	=====

¹ Plant O&M Personnel were not estimated with this procedure.

² Based on Fiscal 1982 student and staff levels; Reflects 8.0 Student FTE and 1.0 Staff FTE reduction in Billings due to Ranch program phaseout.

The personal services component was estimated from the number of support FTE and a system average salary for each type of support position. Table 15 illustrates the development of the personal services cost for the support staff estimated by the staffing standards. The estimated system average personal services cost for each position was based on fiscal 1982 cost then inflated 12 percent to fiscal 1983 levels. No increase was provided in fiscal 1984 and 1985. The personal services cost developed on this table is the cost for each year of the 1985 biennium.

Table 15
Estimated Personal Services for Support Programs¹
Without Pay Increases
Fiscal 1984 and 1985

	Director	Asst. Director	Business Mgr. Chief Acct.	Counselor	Librarian or Media Spclst.	Admin. Sec'y.	Admin. Support Sec'y.	Other Support Sec'y.	Instruc. Support Sec'y.	Total FTE/ Personal Services
<u>System Average Personal Services Cost</u>										
Fiscal 1982 Estimated ²	\$ 42,382	\$ 42,376	\$ 35,839	\$ 26,818	\$ 18,339	\$ 14,356	\$ 12,533	\$ 12,533	\$ 12,533	
Fiscal 1983 Estimated	47,468	47,461	40,140	30,036	20,540	16,079	14,037	14,037	14,037	
<u>Derivation of Personal Services Cost by Center Billings</u>										
Support Staff FTE	1.00	1.00	1.00	1.75	1.00	1.00	.67	1.85	3.25	12.52
Estimated Personal Services	\$ 47,468	\$ 47,461	\$ 40,140	\$ 52,563	\$ 20,540	\$ 16,079	\$ 9,405	\$ 25,968	\$ 45,620	\$ 305,244
Butte										
Support Staff FTE	1.00	1.00	1.00	1.10	1.00	1.00	.67	1.33	2.25	10.35
Estimated Personal Services	\$ 47,468	\$ 47,461	\$ 40,140	\$ 33,040	\$ 20,540	\$ 16,079	\$ 9,405	\$ 18,669	\$ 31,582	\$ 264,384
Gt. Falls										
Support Staff FTE	1.00	1.00	1.00	1.65	1.00	1.00	.67	1.85	3.00	12.17
Estimated Personal Services	\$ 47,468	\$ 47,461	\$ 40,140	\$ 49,559	\$ 20,540	\$ 16,079	\$ 9,405	\$ 25,968	\$ 42,111	\$ 298,731
Helena										
Support Staff FTE	1.00	1.00	1.00	2.25	1.00	1.00	.67	1.90	3.90	13.72
Estimated Personal Services	\$ 47,468	\$ 47,461	\$ 40,140	\$ 67,581	\$ 20,540	\$ 16,079	\$ 9,405	\$ 26,670	\$ 54,745	\$ 330,089
Missoula										
Support Staff FTE	1.00	1.00	1.00	1.85	1.00	1.00	.67	2.00	4.20	13.72
Estimated Personal Services	\$ 47,468	\$ 47,461	\$ 40,140	\$ 55,567	\$ 20,540	\$ 16,079	\$ 9,405	\$ 28,074	\$ 58,955	\$ 323,689
<u>System Total</u>										
Support Staff FTE	5.00	5.00	5.00	8.60	5.00	5.00	3.35	8.93	16.60	62.48
Estimated Personal Services	\$237,340	\$237,305	\$200,700	\$258,310	\$102,700	\$ 80,395	\$ 47,025	\$125,349	\$233,013	\$1,522,137

¹Plant O&M not included

²Fiscal 1982 inflated 12 percent

Operating Expenses

The operating expenses for support services exclusive of plant operation and maintenance was based on the number of support staff FTE (Table 14) and the system average operating expense per support FTE. Table 16 illustrates the derivation of the average operating expense per support FTE in fiscal 1982.

Table 16
Average Operating Expense per Support FTE
Fiscal 1982

	Fiscal 1982 Actual Operating Expenses	Actual Support Staff	Average Cost
Billings	\$ 33,423	10.00	\$3,342
Butte	81,600	11.89	6,863
Gt. Falls	51,031	11.60	4,399
Helena	42,655	14.34	2,975
Missoula	<u>102,068</u>	<u>19.41</u>	5,259
System	\$310,777 =====	67.24 =====	\$4,622 =====

¹Excluding Janitors.

The fiscal 1982 average operating expense per support FTE, \$4,622, was inflated 6 percent per year to fiscal 1984 and 1985 for use as the operating expense rate in the 1985 biennium. The operating expense rate was multiplied by the number of support staff to estimate total operating expense for support services, exclusive of plant operation and maintenance, for fiscal 1984 and 1985. This is summarized on Table 17.

Table 17
Calculation of Total Support Services Operating Expense¹
Fiscal 1984 and 1985

	Average Cost per FTE Fiscal 1982	Number ² of Support FTE	---Estimated 1982	Total Operating Expense--- 1984	1985
Billings	\$4,622	17.02	\$ 78,666	\$ 88,389	\$ 93,692
Butte	4,622	12.85	59,393	66,734	70,738
Gt. Falls	4,622	16.67	77,049	88,572	91,767
Helena	4,622	17.97	83,057	93,323	98,922
Missoula	4,622	<u>18.72</u>	<u>86,524</u>	<u>97,218</u>	<u>103,051</u>
System	\$4,622 =====	83.23 =====	\$384,689 =====	\$434,236 =====	\$458,170 =====

¹Exclusive of Plant Operation and Maintenance.

²The total support FTE included here does not tie to Tables 14 and 15 because 20.75 Plant O & M staff were inadvertently included in this calculation. This generated \$109,760 in fiscal 1984 and \$114,226 in fiscal 1985 more operating expense in the support budget than would have been generated if plant O & M staff were excluded. However, after implementation of the caps on the formula-driven budget, the total impact was only \$43,051 in fiscal 1985 or .5% of the fiscal 1985 appropriation.

Total Support Costs

The use of the staffing standards resulted in the system receiving a higher proposed budget in the 1985 biennium for support services compared to what would have been proposed if the old formula had been used. Table 18 illustrates the development of each center's proposed support service budget for the 1985 biennium.

The lower portion of Table 18 shows the difference in expenditure level from using the new formula versus using the old formula. The overall expenditure increase in the 1985 biennium using the new formula would be 4.5 percent.

Table 18¹
Total Support Costs
1985 Biennium

<u>Fiscal 1984</u>	<u>Billings</u>	<u>Butte</u>	<u>Gt. Falls</u>	<u>Helena</u>	<u>Missoula</u>	<u>System</u>
Number of Support FTE	17.02	12.85	16.67	17.97	18.72	83.23
Personal Services	\$305,244	\$264,384	\$298,731	\$330,089	\$323,689	\$1,522,137
Operating Expenses	<u>88,389</u>	<u>66,734</u>	<u>88,572</u>	<u>93,323</u>	<u>97,218</u>	<u>434,236</u>
Total Other Support Costs	\$393,633 =====	\$331,118 =====	\$387,303 =====	\$423,412 =====	\$420,907 =====	\$1,956,373 =====
<u>Fiscal 1985</u>						
Number of Support FTE	17.02	12.85	16.67	17.97	18.72	83.23
Personal Services	\$305,244	\$264,384	\$298,731	\$330,089	\$323,689	\$1,522,137
Operating Expenses	<u>93,692</u>	<u>70,738</u>	<u>91,767</u>	<u>98,922</u>	<u>103,051</u>	<u>458,170</u>
Total Other Support Costs	\$398,936 =====	\$335,122 =====	\$390,498 =====	\$429,011 =====	\$426,740 =====	\$1,980,307 =====
<u>1985 Biennium</u>						
Total Other Support Costs						
New Formula	\$792,569	\$666,240	\$777,801	\$852,423	\$847,647	\$3,936,680
Old Formula	687,849	717,641	715,579	758,908	886,020	3,765,997
Difference	<u>104,720</u>	<u>(51,401)</u>	<u>62,222</u>	<u>93,515</u>	<u>(38,373)</u>	<u>170,683</u>
<u>1 Net of Plant Operation and Maintenance Costs.</u>						

¹Net of Plant Operation and Maintenance Costs.

Plant Operation and Maintenance Cost Component

We felt each center's plant operation and maintenance expenses should be budgeted individually because of the differences among the centers. Therefore, each center was budgeted to provide the same level of plant operation and maintenance services that existed at each center in fiscal 1982. Staffing standards were not used to estimate staff requirements.

Equipment Cost Component

The committee determined it would be appropriate to budget for capital equipment in two ways. First, a portion of the capital equipment budget would be considered variable and FTE driven. This would provide funds for small unit cost capital equipment. All capital equipment with a unit cost less than an established level would have to be purchased from the variable portion of the capital equipment appropriation. The variable rate used in the Budget Analysis was \$33 per student-FTE. This rate was based on historical capital expenditure patterns.

Second, major capital equipment would continue to be zero-based for each center. Major equipment would be equipment with a unit cost above an established level, such as \$2,500, or \$1,000.

The committee did not establish a specific level at which point the unit cost of the equipment would identify the equipment as variable or major. The budget analysis proposed \$1,000 as the unit cost delineation between variable equipment and major capital equipment. The major capital equipment approved for funding was selected from equipment requests submitted by each vo-tech center.

Table 19 illustrates the proposed allocation of variable equipment and capital equipment for each center for the 1985 biennium.

Table 19
Allocation of Variable Equipment & Capital Equipment by Center
1985 Biennium

	<u>FY '84</u>	<u>FY '85</u>
Billings		
Variable (\$33/FTE)	\$16,698	\$17,193
Capital	<u>12,595</u>	<u>25,587</u>
Total	\$29,293 =====	\$42,780 =====
Butte ¹		
Variable (\$33/FTE)	\$10,989	\$11,319
Capital	<u>-0-</u>	<u>-0-</u>
Total	\$10,989 =====	\$11,319 =====
Great Falls		
Variable (\$33/FTE)	\$16,071	\$16,566
Capital	<u>34,000</u>	<u>27,100</u>
Total	\$50,071 =====	\$43,666 =====
Helena		
Variable (\$33/FTE)	\$22,902	\$23,628
Capital	<u>47,368</u>	<u>35,000</u>
Total	\$70,270 =====	\$58,628 =====
Missoula		
Variable (\$33/FTE)	\$19,800	\$20,394
Capital	<u>31,050</u>	<u>30,300</u>
Total	\$50,850 =====	\$50,694 =====

¹Butte Vo-Tech did not submit a request for capital equipment, because equipment funds were included in the funds used to construct its new facility.

Cost Component Summary

Table 20 illustrates the summary of cost components for the current level option by center for the 1985 biennium. The current level option developed the instruction component with a flat rate per student FTE. The instruction cost per student used was \$1,848 in fiscal 1984 and \$1,862 in fiscal 1985. The variable equipment rate was \$33 per student FTE each year of the biennium. Capital equipment with a unit cost above \$1,000 was considered from the centers' requests. The support component reflected consideration of similar staffing patterns among the centers and plant operation and maintenance costs were estimated individually for each center. Pay plan increases were not included in the cost estimates. Audit costs of \$17,500 for each center for the 1985 biennium were included in fiscal 1984.

With this current level option, total expenditures were proposed to increase 5.6 percent in the 1985 biennium.

Table 20
Summary of Cost Components/Current Level Option
1985 Biennium

	FY '84	FY '85
Billings		
Instruction	\$ 935,088	\$ 970,102
Support	393,633	398,936
Operation & Maintenance	178,305	200,258
Variable Equipment	16,698	17,193
Capital Equipment	12,595	25,587
Audit	17,500	-0-
Total	\$1,553,819	\$1,612,076
Butte		
Instruction	\$ 615,384	\$ 638,666
Support	331,118	335,122
Operation & Maintenance	80,416	87,447
Variable Equipment	10,989	11,319
Audit	17,500	-0-
Total	\$1,055,407	\$1,072,554
Great Falls		
Instruction	\$ 899,976	\$ 934,724
Support	387,303	390,498
Operation & Maintenance	177,372	194,590
Variable Equipment	16,071	16,566
Capital Equipment	34,000	27,100
Audit	17,500	-0-
Total	\$1,532,222	\$1,563,478
Helena		
Instruction	\$1,282,512	\$1,333,192
Support	423,412	429,011
Operation & Maintenance	280,022	312,323
Variable Equipment	22,902	23,628
Capital Equipment	47,368	35,000
Audit	17,500	-0-
Total	\$2,073,716	\$2,133,154
Missoula		
Instruction	\$1,108,800	\$1,150,716
Support	420,907	426,740
Operation & Maintenance	304,418	335,116
Variable Equipment	19,800	20,394
Capital Equipment	31,050	30,300
Audit	17,500	-0-
Total	\$1,902,475	\$1,963,266
Total Cost	\$8,117,639	\$8,344,528
	=====	=====

Alternative Instruction Cost

An alternative proposed by the committee to using a flat rate per student for the instruction component was to use an occupational group index to develop instruction costs. This proposal would have affected the distribution of funds to each center because of the program mix differences that exist within the postsecondary vo-tech system. However, the total proposed funding of the system would not materially change. This option was subsequently dropped from consideration during the Education Appropriations Subcommittee budget hearings.

Revenue

The committee neither studied nor proposed additional revenue sources for the postsecondary vocational technical system. The revenue estimated in the budget analysis included permissive county millage, tuition, federal funds, and general fund.

Table 21 summarizes the revenue estimates by center for each year of the biennium. The expenditure level used in the table uses the current level option for the instruction cost component.

The staff estimated federal funds would be \$1,023,246 each year of the biennium. The distribution of federal funds to the postsecondary centers is in concert with the approach proposed by the Office of Public Instruction in its five-year plan for vocational education. This approach addresses certain factors, such as the school district's ability to pay and the local unemployment rate, when the distribution of funds is made to the centers. The distribution of the federal funds does not impact each center's total allocation under the formula.

The permissive county millage was estimated from county taxable values estimated for the 1985 biennium. The millage revenue for the

system was estimated to increase approximately 4 percent in 1984 and 3.5 percent in fiscal 1985.

Resident tuition rates were \$150 per student-FTE per quarter at the time the Budget Analysis was prepared. The current level option did not consider changing tuition rates. Revenue from tuition was expected to increase .5 percent in fiscal 1984 and 3 percent in fiscal 1985 because of estimated enrollment increases.

General fund completed the funding mix. With the current level option, general fund was estimated to increase 1.1 percent in fiscal 1984 and 3.2 percent in fiscal 1985 before pay increases.

Table 21
Revenue Summary by Center/Current Level Option
1985 Biennium

	<u>Billings</u>	<u>Butte</u>	<u>Gt. Falls</u>	<u>Helena</u>	<u>Missoula</u>	<u>Total</u>
<u>FY '84</u>						
Millage	\$ 318,154	\$ 82,672	\$ 154,595	\$ 95,301	\$ 217,059	\$ 867,781
Tuition	227,700	149,850	219,150	312,300	270,000	1,179,000
Federal	136,092	224,091	209,765	253,765	199,533	1,023,246
Gen. Fund	<u>871,873</u>	<u>598,794</u>	<u>948,712</u>	<u>1,412,350</u>	<u>1,215,883</u>	<u>5,047,612</u>
Total	<u>\$1,553,819</u>	<u>\$1,055,407</u>	<u>\$1,532,222</u>	<u>\$2,073,716</u>	<u>\$1,902,475</u>	<u>\$8,117,639</u>
	=====	=====	=====	=====	=====	=====
<u>FY '85</u>						
Millage	\$ 329,003	\$ 85,491	\$ 159,867	\$ 98,551	\$ 224,461	\$ 897,373
Tuition	234,450	154,350	225,900	322,200	278,100	1,215,000
Federal	136,092	224,091	209,765	253,765	199,533	1,023,246
Gen. Fund	<u>912,531</u>	<u>608,622</u>	<u>967,946</u>	<u>1,458,638</u>	<u>1,261,172</u>	<u>5,208,909</u>
Total	<u>\$1,612,076</u>	<u>\$1,072,554</u>	<u>\$1,563,478</u>	<u>\$2,133,154</u>	<u>\$1,963,266</u>	<u>\$8,344,528</u>
	=====	=====	=====	=====	=====	=====

CHAPTER 8

48TH LEGISLATIVE SESSION

The legislature adopted the proposed budget formula, utilizing the flat rate per student-FTE to estimate the instruction cost component. There were some modifications to the proposed formula, however, that are discussed in this section. Generally, adjustments were allowed for:

- New Physical plant at Butte
- Summer School
- Pay Plan
- Support staff standards extended to plant operation and maintenance
- Expenditure limitations
- Operating expense reductions
- Revenue estimate changes

New physical plant at Butte

The new facility at Butte was estimated to be occupied at the beginning of fiscal 1985. Adjustments to student-FTE, instruction costs, and plant operation and maintenance staff and operational expense were allowed to recognize this move. The additional student-FTE allowed because of the new facility was 57 in fiscal 1985. The additional student FTE generated \$106,134 additional to the instruction budget. The additional plant operation and maintenance personnel cost allowed was approximately \$22,500 to allow for 1.2 additional janitorial staff. The additional operational expense, utilities, was approximately \$33,000. This was allowed because the new facility is larger than the existing facility and more janitorial and operating expense is expected.

Summer School

At the 1981 Session, a special expenditure adjustment was allowed for Butte in fiscal 1983 because it was the only center that did not have funds to hold summer school. Because the formula was driven from fiscal 1982 data, the summer school data for fiscal 1983 were not incorporated. The legislature allowed 28 additional student-FTE in both years of the biennium in order to provide funds for summer school instruction at Butte. These additional FTE are included on Table 22. The additional instruction dollars provided by this adjustment was \$51,744 in fiscal 1984 and \$52,136 in fiscal 1985.

Table 22
Estimated Student FTE
Montana Postsecondary Vocational Technical Centers
1983 - 1985 Biennium

	FY '82 <u>Actual</u>	FY '83 <u>Estimated</u>	-----Budgeted-----		% Change '83-'85 <u>Biennium</u>
			<u>FY '84</u>	<u>FY '85</u>	
Billings	525	493	506	521	.9
Butte	323	323	361*	428**	22.1
Great Falls	488	473	487	502	2.9
Helena	678	675	694	716	4.2
Missoula	<u>548</u>	<u>583</u>	<u>600</u>	<u>618</u>	<u>7.7</u>
Total	2,562 =====	2,547 =====	2,648 =====	2,785 =====	6.3 ===

*Reflects adjustment for summer school.

**Reflects adjustment for new center and summer school.

Pay Plan

All personnel costs presented in the Budget Analysis did not include salary increases because they were unknown. The Education Appropriations

Subcommittee recommended the centers be provided 2 percent salary increases. The pay plan increases were subsequently incorporated into each center's appropriation.

Support Staff Standard Changes

The proposed budget detailed in the Budget Analysis did not use support staff standards when estimating plant operation and maintenance expenditures. Rather, these costs were incrementally increased from the fiscal 1982 level for each center. The Education Appropriations Subcommittee recommended adjustments be allowed to reflect the appropriate staff levels based on square footage of physical plant. This adjustment affected only personal services; operating expenses were still adjusted incrementally. This adjustment was \$3,041 each year of the biennium.

Expenditure Limitations

In order to provide reasonable budget levels at each center but still facing severe budget restrictions, the Education Appropriations Subcommittee recommended that caps be implemented to provide a minimum and maximum expenditure increase.

The caps provided that each center would receive in fiscal 1984 at least a 3.25 percent increase from the fiscal 1983 legislative appropriation, before budget amendments, and no more than an 8.25 percent increase. In fiscal 1985, the caps provided each center at least a 3 percent increase from its fiscal 1984 appropriation, but no more than an 8 percent increase.

Table 23 on the following page shows the budget for each center broken into formula components for each year of the biennium. The table also shows the expenditure limitation imposed by the caps. In fiscal 1984, the Billings and Great Falls centers receive the maximum increase of 8.25

percent while Butte, Helena, and Missoula receive the minimum 3.25 percent increase. In fiscal 1985, Billings and Great Falls receive the maximum 8.00 percent increase and Missoula receives the minimum 3.00 percent increase. Butte and Helena receive 6.84 percent and 3.42 percent increases, respectively.

Table 23
Formula Budget Components¹-With Caps
Postsecondary Vocational Technical Centers
1985 Biennium

	<u>Billings</u>	<u>Butte</u>	<u>Gt. Falls</u>	<u>Helena</u>	<u>Missoula</u>	<u>System</u>
<u>Fiscal 1983</u>						
Appropriation	\$1,424,839	\$1,192,494	\$1,327,783	\$2,026,505	\$2,072,327	\$8,043,948
<u>Fiscal 1984</u>						
Instruction	\$ 951,482	\$ 678,824	\$ 915,725	\$1,304,998	\$1,128,240	\$4,979,269
Support	399,738	339,466	393,277	430,014	428,602	1,991,097
Plant O&M	213,258	86,706	176,475	280,938	273,971	1,031,348
Variable Equip.	16,698	10,989	16,071	22,902	19,800	86,460
Capital Equip.	12,595	-0-	34,000	47,368	31,050	125,013
Total						
Formula Budget						
Components	\$1,593,771	\$1,115,985	\$1,535,548	\$2,086,220	\$1,881,663	\$8,213,187
	=====	=====	=====	=====	=====	=====
Capped Formula						
Budget	\$1,542,350	\$1,231,200	\$1,437,300	\$2,092,300	\$2,139,650	\$8,442,800
Percent Increase						
from Fiscal 1983	8.25	3.25	8.25	3.25	3.25	4.96
<u>Fiscal 1985</u>						
Instruction	\$ 986,982	\$ 810,803	\$ 950,989	\$1,356,390	\$1,170,739	\$5,275,903
Support	405,041	343,470	396,472	435,613	434,435	2,015,031
Plant O&M	235,211	149,828	193,693	313,239	304,669	1,196,640
Variable Equip.	17,193	11,319	16,566	23,628	20,394	89,100
Capital Equip.	25,587	-0-	27,100	35,000	30,300	117,987
Total						
Formula Budget						
Components	\$1,670,014	1,315,420	\$1,584,820	\$2,163,870	\$1,960,537	\$8,694,661
	=====	=====	=====	=====	=====	=====
Capped Formula						
Budget	\$1,665,730	\$1,315,420	\$1,552,284	\$2,163,870	\$2,203,840	\$8,901,144
Percent Increase						
from Fiscal 1984	8.00	6.84	8.00	3.42	3.00	5.42

¹Totals do not include \$17,500 per center for audit costs in FY 1984.

Operating Expense Reductions

After the caps were imposed, the legislature reduced the inflation factors used to estimate operating expenses. All operating expenses were affected except for communications expense. The resultant reduction in operating expense was applied to the capped formula budget approved by the Education Appropriations Subcommittee. Table 24 illustrates the effect the operating expense reductions had on each center's budget for the 1985 biennium.

Table 24
Subcommittee Approved Budget with Operating Expense Reductions¹
Postsecondary Vocational Technical Centers
1985 Biennium

	<u>Billings</u>	<u>Butte</u>	<u>Gt. Falls</u>	<u>Helena</u>	<u>Missoula</u>	<u>System</u>
<u>Fiscal 1984</u>						
Subcommittee Budget	\$1,559,850	\$1,248,700	\$1,454,800	\$2,109,800	\$2,157,150	\$8,530,300
Less: Oper. Expense Reduction	<u>7,518</u>	<u>3,054</u>	<u>5,756</u>	<u>11,419</u>	<u>10,034</u>	<u>37,781</u>
Fiscal 1984 Budget	<u>\$1,552,332</u>	<u>\$1,245,646</u>	<u>\$1,449,044</u>	<u>\$2,098,381</u>	<u>\$2,147,116</u>	<u>\$8,492,519</u>
<u>Fiscal 1985</u>						
Subcommittee Budget	\$1,665,730	\$1,315,420	\$1,552,284	\$2,163,870	\$2,203,840	\$8,901,144
Less: Oper. Expense Reductions	<u>19,459</u>	<u>7,732</u>	<u>14,932</u>	<u>27,671</u>	<u>25,149</u>	<u>94,943</u>
Fiscal 1985 Budget	<u>\$1,646,271</u>	<u>\$1,307,688</u>	<u>\$1,537,352</u>	<u>\$2,136,199</u>	<u>\$2,178,691</u>	<u>\$8,806,201</u>

¹ Audit Costs of \$17,500 each center for FY 1984 are included.

Revenue Changes

While the revenue changes discussed below did not directly affect the budget formula, the changes did affect the funding mix used to finance the centers.

Education Trust Interest

The biggest change was the result of House Bill 105 which reallocated that portion of the education trust interest that was previously reinvested in the permanent education trust fund to the postsecondary vocational technical centers and adult basic education. This revenue replaced a like amount of state general fund. For federal maintenance of effort requirements, however, the trust fund interest is considered state funds. In fiscal 1984, \$616,180 and in fiscal 1985, \$724,730 was estimated from the trust fund interest.

Tuition

Another change was in the tuition revenue. The annual tuition rate was increased from \$450 per student-FTE in fiscal 1983 to \$495 in fiscal 1984 and \$540 in fiscal 1985. Tuition revenue was estimated by multiplying the annual tuition rate by the estimated student-FTE. In fiscal 1984, total tuition revenue was estimated at \$1,310,760; in fiscal 1985, the tuition revenue estimate was \$1,503,900.

Millage

The legislature estimated revenue from the 1.5 county mill levy would be \$823,751 in fiscal 1984 and \$842,220 in fiscal 1985. Language was included in the appropriations bill that directs any millage revenue received each year that exceeds these amounts to revert to the general fund.

Federal Funds

Federal vocational education funds are expected to be \$1,178,657 for each year of the 1985 biennium for the postsecondary centers.

In Table 25, the tuition, county millage, federal funds, and trust fund interest revenue estimates are detailed for each center in the 1985 biennium.

Table 25
Other Revenue Sources
Postsecondary Vocational Technical Centers
1985 Biennium

	<u>Billings</u>	<u>Butte</u>	<u>Gt. Falls</u>	<u>Helena</u>	<u>Missoula</u>	<u>System</u>
<u>Fiscal 1984</u>						
Tuition	\$250,470	\$178,695	\$241,065	\$343,530	\$297,000	\$1,310,760
Millage	302,993	77,283	143,931	87,682	211,862	823,751
Federal Funds	163,000	263,075	236,910	273,672	242,000	1,178,657
Trust Fund Interest	<u>117,930</u>	<u>79,736</u>	<u>182,652</u>	<u>117,931</u>	<u>117,931</u>	<u>616,180</u>
Total Other Revenue	\$834,393 =====	\$598,789 =====	\$804,558 =====	\$822,815 =====	\$868,793 =====	\$3,929,348 =====
<u>Fiscal 1985</u>						
Tuition	\$281,340	\$231,120	\$271,080	\$386,640	\$333,720	\$1,503,900
Millage	309,765	75,309	147,283	87,264	222,599	842,220
Federal Funds	163,000	263,075	236,910	273,672	242,000	1,178,657
Trust Fund Interest	<u>125,935</u>	<u>76,946</u>	<u>147,630</u>	<u>197,285</u>	<u>176,934</u>	<u>724,730</u>
Total Other Revenue	\$880,040 =====	\$646,450 =====	\$802,903 =====	\$944,861 =====	\$975,253 =====	\$4,249,507 =====

General Fund

General fund was estimated by finding the difference between the budgeted expenditures and all other appropriated revenue sources as shown on Table 26. On an overall basis, general fund decreased 3.9 percent from the 1983 biennium. This was the result of using education trust fund interest.

Table 26
General Fund Appropriation
Postsecondary Vocational Technical Centers
1985 Biennium

	<u>Billings</u>	<u>Butte</u>	<u>Gt. Falls</u>	<u>Helena</u>	<u>Missoula</u>	<u>System</u>
<u>Fiscal 1984</u>						
Total Approved						
Expend.	\$1,552,332	\$1,245,646	\$1,449,044	\$2,098,381	\$2,147,116	\$8,492,519
Less: Other						
Approp. Rev.	<u>834,393</u>	<u>598,789</u>	<u>804,558</u>	<u>822,815</u>	<u>868,793</u>	<u>3,929,348</u>
General Fund						
Approp.	\$ 717,939	\$ 646,857	\$ 644,486	\$1,275,566	\$1,278,323	\$4,563,171
	=====	=====	=====	=====	=====	=====
<u>Fiscal 1985</u>						
Total Approved						
Expend.	\$1,646,271	\$1,307,688	\$1,537,352	\$2,136,199	\$2,178,691	\$8,806,201
Less: Other						
Approp. Rev.	<u>880,040</u>	<u>646,450</u>	<u>802,903</u>	<u>944,861</u>	<u>975,253</u>	<u>4,249,507</u>
General Fund						
Approp.	\$ 766,231	\$ 661,238	\$ 734,449	\$1,191,338	\$1,203,438	\$4,556,694
	=====	=====	=====	=====	=====	=====

In fiscal 1984, \$4,563,171 general fund was appropriated to the vo-tech system; \$4,556,694 was appropriated in fiscal 1985.

Table 27 on the following page summarizes the expenditures and revenues approved by the 48th Legislature for the postsecondary vocational

technical centers. This budget represents a 14.1 percent increase in the 1985 biennium from the 1983 biennium.

Table 27 - Postsecondary Vocational Technical Centers Expenditures and Funding - 1985 Biennium

-----Fiscal 1984-----						
	<u>Billings</u>	<u>Butte</u>	<u>Gt. Falls</u>	<u>Helena</u>	<u>Missoula</u>	<u>System</u>
Personal Services	\$1,193,648	\$1,011,689	\$1,118,892	\$1,569,220	\$1,612,822	\$6,506,271
Operating Expenses	312,836	204,333	265,785	441,181	458,966	1,683,101
Equipment	28,348	12,124	46,867	70,480	57,828	215,647
Audit	<u>17,500</u>	<u>17,500</u>	<u>17,500</u>	<u>17,500</u>	<u>17,500</u>	<u>87,500</u>
Total Expenses	\$1,552,332	\$1,245,646	\$1,449,044	\$2,098,381	\$2,147,116	\$8,492,519
	=====	=====	=====	=====	=====	=====
Tuition	\$ 250,470	\$ 178,695	\$ 241,065	\$ 343,530	\$ 297,000	\$1,310,760
Millage	302,993	77,283	143,931	87,682	211,862	823,751
Federal Fund	163,000	263,075	236,910	273,672	242,000	1,178,657
Educ. Trust Interest	117,930	79,736	182,652	117,931	117,931	616,180
General Fund	<u>717,939</u>	<u>646,857</u>	<u>644,486</u>	<u>1,275,566</u>	<u>1,278,323</u>	<u>4,563,171</u>
Total Funds	\$1,552,332	\$1,245,646	\$1,449,044	\$2,098,381	\$2,147,116	\$8,492,519
	=====	=====	=====	=====	=====	=====
-----Fiscal 1985-----						
Personal Services	\$1,255,000	\$1,050,653	\$1,195,141	\$1,601,011	\$1,627,809	\$6,729,614
Operating Expenses	348,601	245,716	299,442	476,560	493,896	1,864,215
Equipment	<u>42,670</u>	<u>11,319</u>	<u>42,769</u>	<u>58,628</u>	<u>56,986</u>	<u>212,372</u>
Total Expenses	\$1,646,271	\$1,307,688	\$1,537,352	\$2,136,199	\$2,178,691	\$8,806,201
	=====	=====	=====	=====	=====	=====
Tuition	\$ 281,340	\$ 231,120	\$ 271,080	\$ 386,640	\$ 333,720	\$1,503,900
Millage	309,765	75,309	147,283	87,264	222,599	842,220
Federal Fund	163,000	263,075	236,910	273,672	242,000	1,178,657
Educ. Trust Interest	125,935	76,946	147,630	197,285	176,934	724,730
General Fund	<u>766,231</u>	<u>661,238</u>	<u>734,449</u>	<u>1,191,338</u>	<u>1,203,438</u>	<u>4,556,694</u>
Total Funds	\$1,646,271	\$1,307,688	\$1,537,352	\$2,136,199	\$2,178,691	\$8,806,201
	=====	=====	=====	=====	=====	=====
1985 Biennium ₁	\$3,198,603	\$2,553,334	\$2,986,396	\$4,234,580	\$4,325,807	\$17,298,720
1983 Biennium	\$2,699,485	\$2,239,849	\$2,468,678	\$3,787,019	\$3,970,871	\$15,165,902
Percent Change	18.50	14.00	21.00	11.80	8.90	14.10

¹Includes audit costs but not voted mill levy.

PART III

SUMMARY

CHAPTER 9

SUMMARY AND CONCLUSIONS

Of the two distinct study areas directed by House Joint Resolution 46, only funding has been adequately analyzed. Several funding issues were confronted, examined, and resolved during the course of the study and the 48th Legislature. These include: 1) improving the quality of capital equipment cost information; 2) standardizing student-FTE reporting information; 3) making the student contact hour conversion to student-FTE relate better to actual full-time students; 4) recognizing the need to give each center the opportunity to provide similar support services by utilizing a standardized support staff ratio; 5) recognizing that each center may operate its programs differently from the others; but that the biennial budget, and thus the appropriation, shall be based on system-wide historical costs; 6) improving the flexibility to purchase "small ticket" capital equipment by basing part of the equipment appropriation on student-FTE.

A major problem identified in the study and not addressed by the formula is the caps implemented by the 48th Legislature. We are aware this detracts from the effort to base the appropriation on workload (i.e., the number of students); however, in time of severely limited resources, adaptations to the formula were necessary. The basic theory of constructing a budget based on the number of students served is still in place and will be used as resources allow.

There was also concern expressed by the Office of Public Instruction, the centers, and legislators during the progress of the study and the 48th Legislature that the postsecondary centers are not adequately responsive to new academic program needs or to short-term programs. Short-term programs were described by the Office of Public Instruction and the centers as programs initiated in direct response to new or expanding employment needs voiced by new or existing employers in Montana. This differed from ongoing programs because the skills taught at short-term programs would not be required on a large scale. The concern of inadequate responsiveness to new or short-term programs was not addressed by the study but is an area that should be pursued.

While the committee successfully sponsored legislation that allows the vocational technical centers to expand the use of the voted levy funds from salaries and benefits to include operating expenses and equipment, we were made aware of other statutory problems during the course of the study. It is our sincere hope the Office of Public Instruction responds to our request to submit to the committee detailed recommendations for changes to statute in order for us to review them prior to the 49th Legislature.

PART IV
APPENDICES

APPENDIX A

HOUSE JOINT RESOLUTION NO. 46

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING THAT THE LEGISLATIVE FINANCE COMMITTEE BE ASSIGNED TO STUDY THE LAWS RELATING TO POSTSECONDARY VOCATIONAL-TECHNICAL CENTERS FOR THE PURPOSE OF GENERALLY CLARIFYING, UPDATING, SUPPLEMENTING, AND REVISING SUCH LAWS.

WHEREAS, in 1979 the Legislature clarified postsecondary vocational-technical center governance; and

WHEREAS, such clarification was not accompanied by an enactment of a comprehensive body of law dealing with postsecondary vocational-technical centers; and

WHEREAS, there is no clearly applicable and adequately comprehensive body of law relating to postsecondary vocational-technical centers; and

WHEREAS, the method of financing postsecondary vocational-technical centers is in need of review; and

WHEREAS, a legislative study of school and other appropriate laws relating to postsecondary vocational-technical centers that would make recommendations for the general clarification, updating, supplementation, and revision of such laws would be useful to the Legislature and those responsible for the operation of postsecondary vocational-technical center operation.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That the legislative finance committee be assigned to study the statutory provisions relating to postsecondary vocational-technical centers, including the method of financing, to prepare recommendations for the general clarification, updating, supplementation, and revision of such provisions, and to report its findings and recommendations to the regular session of the 48th Legislature.

Approved April 23, 1981.

APPENDIX B



OFFICE OF PUBLIC INSTRUCTION

STATE CAPITOL
HELENA, MONTANA 59601
(406) 449-3095

Ed Argenbright
Superintendent

February 25, 1982

Ms. Pam Joehler
Assistant Fiscal Analyst
Legislative Fiscal Analyst Office
Room 109, State Capitol
Helena, Montana 59620

RECEIVED
FEB 26 1982
LEGISLATIVE
FISCAL ANALYST

Dear Ms. Joehler:

This correspondence follows our conversation of February 24, 1982, concerning revision to the Montana School Laws pertaining to vocational education at the postsecondary level.

This issue has been at the forefront of dialogue with the Center Directors and representatives of the Department of Vocational Education Services for the past several months. The Interim Study of Vocational Education at the postsecondary level has also had a significant influence in ascertaining opinions of all parties.

At this juncture, and with limited input, I would note that several issues and concerns within present law are evident; not the least of which is the interpretation of the intent of current law which defines the "system" of postsecondary vocational-technical as a state system.

In light of the present ambiguity of laws pertaining to postsecondary vocational-technical education, it is my considered opinion that statutory revisions are necessary and that separate and specific laws for the "system" will enhance understanding for all parties so concerned.

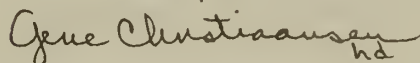
My expressed opinion should not be construed as support for a revision in governance. I do support the current sole agent concept and suggest that rather than spend a vast amount of time on that issue, that favorable consideration be given to the compiling of all applicable statutes pertaining to postsecondary centers. Such a revision might assume the specificity of laws pertaining to community colleges as an illustration of specifying and addressing all applicable statutes governing community colleges within one title.

Ms. Pam Joehler
February 25, 1982
Page Two

It is appropriate to gather input from the District Superintendents in addition to the Center Directors and I assume that your office has extended that opportunity in recognition of the line and staff relationship of the Center Director to the District Superintendent. Additionally, it is necessary to address this issue with Superintendent Argenbright prior to formulating any recommendations to the Interim Study Committee.

We remain at your service should you wish further input, and we do sincerely appreciate the opportunity to mutually determine the future funding and legislation concerning vocational-technical education in Montana.

Sincerely,

A handwritten signature in cursive script that reads "Gene Christiaansen". Below the signature, the letters "hd" are handwritten.

GENE CHRISTIAANSEN
Assistant Superintendent
Department of Vocational
Education Services

hd

BILLINGS VOCATIONAL TECHNICAL CENTER

Billings High School District
Number Two
Phone (406) 652-1720

3803 Central Avenue
Billings, Montana
59102

February 24, 1982

RECEIVED

FEB 24 1982
VICTORINE
FISCAL ANALYST

Mr. Curtis M. Nichols
Senior Fiscal Analyst
Office of Legislative Fiscal Analyst
State Capitol
Helena, MT 59620

Dear Mr. Nichols:

Enclosed please find copies of District personnel classification and also a copy of the Board of Trustees proceedings.

In response to your request for specific statutory provisions, I have not been able to do the kind of review which is necessary in the short time frame. I feel this is a very important area for review and needs to be done in a time frame which will allow for good sound interpretation, clarification and recommendations as to what ought to be.

I hope this information will be of use to you.

Sincerely,



ROGER E. BAUER
Director

REB/cs

Enclosures

Handwritten note: "Enclosures" and "2-25-82"

Butte
BUTTE

404 South Wyoming / Butte, Montana 59701 / (406) 782-4256

VOCATIONAL TECHNICAL CENTER



February 26, 1982

RECEIVED

FEB 28 1982
J. J. Freebourn
FISCAL ANALYST

Pam Joehler
Office of the Legislative Fiscal Analyst
State Capitol
Helena, Montana 59601

Dear Ms. Joehler:

In response to your communication dated 2/11/82, the Director respectfully submits the following information regarding the laws affecting the postsecondary center.

The Director met with the District Superintendent to discuss the Assistant Fiscal Analyst's request. The District Superintendent views Title 20 of the State Laws as being consistent with the existing governance structure, that the Vo-Tech Centers are an integral part of the local district educational system consisting of grades 1-14 and that the Vo-Tech Center is to be placed on the same line of command as all schools within the jurisdiction of School District No. 1, whether they be elementary, secondary or postsecondary.

The District Superintendent further feels that it is not the responsibility of the Center Director, who, in essence, is in the role of a principal, to decipher the School Laws as to which ones are or are not applicable to the postsecondary center vs elementary/secondary system but the responsibility of the District Superintendent.

With due respect to the philosophy generated in paragraph #2 and #3, the Director's concerns for the Legislative Finance Committee is to determine what laws in Title 20 affecting elementary/secondary actually apply to the centers.

The Director feels that once the laws in Title 20 that affect elementary/secondary are properly deciphered as to which ones actually apply to the postsecondary centers, these laws should be referenced under a comprehensive body of laws along with designated laws governing postsecondary centers under Chapter 7, Part 3 of the the School Laws excluding secondary Vo-Ed Laws. However, taking the effort one step further, the laws affecting the postsecondary centers should be more in line with the University System, not the elementary/secondary school system.

Sincerely,

H. J. Freebourn
H. J. Freebourn
Director



GREAT FALLS VOCATIONAL-TECHNICAL CENTER

February 23, 1982

G. LORAN FRAZIER, DIRECTOR
CARL I. SPINTI, ASST. DIRECTOR

RECEIVED

FEB 24 1982

VO-TECH CENTER
FISCAL ANALYST

Mrs. Pamela D. Joehler
Assistant Fiscal Analyst
Office of the Legislative Fiscal Analyst
State Capitol
Helena, Montana 59620

Dear Mrs. Joehler:

In response to your letter of February 11, 1982 requesting information on school laws affecting the Vo-Tech Centers, I will attempt to answer in the following manner.

I believe that a chapter of school law designated as pertaining to postsecondary centers would be very useful. In this chapter such items as finance, operational procedures, certification requirements, bidding procedures, definition of center, students, and etc. should be addressed.

The frustration that the Vo-Tech Centers are now experiencing is because there is no real clarification as to whether a school law that pertains to a secondary school district also pertains to the Vo-Tech Centers. If there is some way of clarifying just what laws do affect the operation of a Center and which ones do not, this would address the problem.

I am aware that I touched on only a portion of the problem. If more information is needed, please feel free to contact me.

I have asked Carl Spinti, the Assistant Director, to respond to your request, also.

Sincerely,

Loran Frazier

at

Pam

GREAT FALLS VOCATIONAL-TECHNICAL CENTER



February 23, 1982

G. LORAN FRAZIER, DIRECTOR
CARL I. SPINTI, ASST. DIRECTOR

RECEIVED

FEB 24 1982

LEGISLATIVE
FISCAL ANALYST

Pamela D. Joehler
Office of Legislative Fiscal Analyst
State Capitol
Helena, Montana 59620

Dear Pam:

In response to your letter of February 11, 1982 the following notes and concerns are provided.

Initial reference should be made to the State Constitution Article X section 1 that requires, ". . . a system of education which will develop the full educational potential of each person. Equality of educational opportunity is guaranteed to each person of the State." Our position on this provision is that the Vo-Tech Centers are charged by section 20-1-101 (8) to meet a need and should be adequately funded to perform the function.

National statistics and surveys show that only 20% of the jobs in the country require college degrees. There is evidence that more vocational graduates stay and work in the State or community than college graduates. Therefore, Montana realizes a greater return on money invested in the Vo-Tech Centers. Even with declining enrollments at the secondary level there is an increase in secondary vocational students. The Centers need to be ready for them.

The proposed comprehensive body of law might be organized similar to the community college laws, sections 20-15-100 etc. The body could include definitions from 20-1-101 (8), (9), (10), and (25); also the appropriate sections from 20-7-301 through 333.

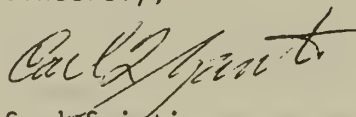
Other specific sections or problems that should be addressed are:

- 20-9-104 Cash reserves - The Vo-Tech Centers should have some provisions similar to this section.
- 20-9-512 Reserve for accumulated sick leave - This problem should be addressed and expanded to include vacation time and for teachers on sabbatical leave.
- 20-9-161 (2) Emergency budget - What happens if a boiler goes out or a roof needs replacing? A fund in the OPI, Department of Administration, or some location from which any Center could request emergency funds would be agreeable.

- 20-15-109 Acceptance of donations - Vo-Tech Centers should be able to accept donations to the school or to a trust fund for student scholarships.
- 20-7-702 and 20-15-305 Adult education programs - Depending on what relationship the Centers and local districts have, perhaps the Centers should be identified as being able to offer adult education courses.
- 20-25-404, 20-9-507, and 20-9-509 Revenue produced by facility use - The Centers should be able to charge non school sponsored groups for use of the building.
- 20-15-401 through 404 Relationship to other laws - A section similar to this would be helpful.
- 20-25-501 through 504 Establishment of residency This section could be included for ease of finding.
- 20-25-515 and 516 Student records - This section could be included.
- 20-25-303 and 304 These sections have some ideas about relationships of local boards of trustees and the Centers.

If you have any questions on the above, give me a call.

Sincerely,



Carl Spinti
Assistant Director

at



HELENA VOCATIONAL-TECHNICAL CENTER

HELENA PUBLIC SCHOOLS

(Serving Montana)

PHONE 442-0060

1115 ROBERTS -- HELENA, MONTANA 59601

February 24, 1982

ALEX CARPENTIER
DIRECTOR
EINAR BROSTEN
FISCAL ADM.
JAMES J. THOMAS
ASST. DIRECTOR

Pamela D. Joehler
Assistant Fiscal Analyst
Office of the Legislative Fiscal Analyst
State Capitol
Helena, MT 59620

RECEIVED

FEB 27 1982

LEGISLATIVE
FISCAL ANALYST

Dear Pam:

After reviewing the statutory provisions relating to the post-secondary vocational technical centers, I would recommend that a comprehensive body of laws specifically addressing the centers be established. Because of the uniqueness of the five centers, many of the existing laws pertaining to the K-12 public school system are not applicable.

Following, I have listed some examples of problems realizing there are more than I have cited.

The \$4000 limit for the bidding of a capital expenditure is too low to meet the needs of the centers. I suggest a section like that of the community colleges where they have an allowable amount of \$25,000.

There needs to be clear distinction of what is the local district's responsibility and the state's responsibility in the maintenance of facilities. Technically, the facilities are owned by the local districts with budgets being set by the state and no monies appropriated for capital improvements.

Section 20-7-3021 addresses the duties of the state director for vocational education. This should be taken care of in the organizational chart or policies of the superintendent of public instruction. The duties for such a position are determined by the state superintendent and, therefore, are inappropriate to be in state law.

The postsecondary vo-tech centers need to be split away from the secondary vocational education section within the statutes although they both may still remain under the governance of the superintendent of public instruction.

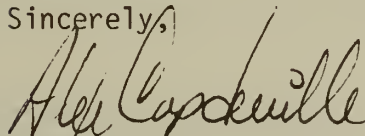
Pamela D. Joehler
February 24, 1982
Page two

The state statutes address the legal identity and responsibilities of the state governing agency, but in my opinion, are vague as to what is the legal identity and responsibilities of the local school districts. The local districts often feel they are being burdened each year with a greater fiscal responsibility with less control.

In summary, I feel we need to address in law what pertains to law and what pertains to policy to be established by the governing board. There appears to be too many statutes in the law that are not applicable to law as well as conflicting statements.

I hope I have given you an overall picture of my concerns. If you would like more specific suggestions, I would suggest that you meet with the five districts in a workshop setting to address these items.

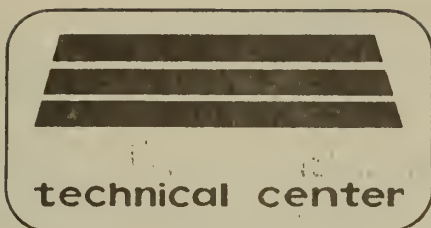
Sincerely,

A handwritten signature in cursive script that reads "Alex Capdeville".

Alex Capdeville, Ph.D.
Director

AC/sr

xc: Roger Eble



- *Post Secondary Vocational Technical Education*
- *Adult Continuing Education*
- *Community Service*

"For HIRE Education"

A Unit of the Missoula County High School District

Phone (406) 721-1330 909 South Avenue West Missoula, Montana 59801

February 25, 1982

Pamela D. Joehler, Assistant Fiscal Analyst
Office of the Legislative Fiscal Analyst
State Capital
Helena, Mt 59620

RECEIVED

FEB 26 1982
J. R. JOEHLER
FISCAL ANALYST

Dear Ms. Joehler:

Opportunity for participation in your recent request is appreciated. My responses involve three efforts. First, statutes thought to be relevant are inventoried on the enclosure. Brief comments have been made to provide additional information and/or suggestion. It is felt statutes not included on the inventory have no relationship to center operations. The inventory effort was not comprehensive, (only Title 20) and possibly done too quickly, for this an apology is extended. It is felt such an effort must be afforded more time and discussion than was realized.

The second effort is one of concurring with the thought a "comprehensive body of law" would be useful relative to the operation of post-secondary vocational technical centers. Areas or parts of such a body of law might address; general information, post-secondary vocational technical center mission/purpose unit (center) identification, governance, administration, finance, students, teachers, property, curriculum and possibly others. If requested, these areas/parts could be further identified by subdividing each in more detail.

General statements of concern and/or observation is the last effort. Each are brief and follow:

Historically there has been confusion between the total vocational education delivery effort and post-secondary vocational technical centers. Centers are possibly the biggest contributor to the vocational education delivery effort, thus causing that confusion. Attempts to statutorially address center operations have always been couched in laws applicable to "vocational education" rather than laws designed to manage institutions. This is evidenced by the confusion resulting when attempting to "apply the law".

Financing of post-secondary vocational technical centers is difficult at best and relates to statutory provisions covering teachers. Revenue sources include the federal dollar and a voted levy (if necessary) on the attendant district. Dependence on the federal dollar to meet appropriation levels is unpredictable, thus creating an unstable situation. If

possible, consideration should be given to replacing federal revenue with a more predictable and stable revenue. The voted levy is to cover personal service expenses beyond that provided by the legislature when districts choose to provide for salary and benefit increases beyond that set by the legislature. If this revenue source is to be continued, it is suggested language be added, requiring center staffing be at levels appropriations have historically and/or are projected to support, and salary and benefit increases determined by the district above that provided by the legislature must be submitted as a proposition for an additional levy to the qualified electors.

Attendent to fiscal concerns is the relationship of budget and levy proposition time lines to the notice of teacher reelection. Most levy propositions and budgets are determined after April 1 or 15. Teachers must be notified of their reelection or termination April 1 or April 15 for tenured and nontenured respectively. Usually voted levys and budgets are determined on or after April 6, the date of Board Trustee elections. The relationship of these times creates difficulty, because without known resource/budget authority, faculty must be formally terminated. This creates problems too numerous to mention.

The above situation could possibly be addressed with one of two alternatives. The first alternative would involve changing the date for notification of reelection/termination. The date might be changed to some time in May. This may not be an acceptable alternative for teachers because if not reelected, it does not provide adequate time to seek other employment. The second alternative is to change the Board Trustee election date to March or even late February. Levy propositions are usually presented during the trustee election and and this date would provide an earlier opportunity. A combination of the above would also be a possibility.

A review of the community college chapter provides insight as to what may be desireable in terms of an end product. It is felt the effort described, if undertaken in a meaningful manner, would require considerable review and discussion.

Hopefully you find these ramblings coherent and can use them to some benefit. Personnel at Missoula Vocational Technical Center stand ready and willing to assist in whatever manner possible. Montana's post-secondary vocational technical centers are a viable part of Montana's socioeconomic growth and stability. For Montana to realize and benefit from the potential of the centers, there must be a clear understanding as to their purpose and operation.

Sincerely,



Dennis Lerum
Director

encl.
DL/lkk

20-1-101; with the following comments:

Subsections (8) through (10) - suggest changing all references made regarding "school" and "pupil" to "institution" and "student".

Rationale - this may assist in identifying and/or clarifying the applicability of the following statutes.

Subsection (9) - suggest changing the last sentence..."shall include the 13th and 14th year and beyond but will not include work toward a baccalaureate degree to"...."shall include the 13th and 14th year and beyond but will not be designed to include work toward a baccalaureate degree.

Rationale - vocational technical education involves the design of terminal programming that leads to employment rather than counting towards a baccalaureate degree. If, however, an accepting institution determines the work is acceptable towards a degree, there is little, if any, meaning to the present statute. It was possibly intended post-secondary vocational technical centers should not be in the business of offering work designed for the purposes of counting towards a baccalaureate degree. Possibly the suggested language better states this intent.

Subsection (20) - The definition of teacher relies on the issuance of a certificate by the state superintendent as per the policies of the Board of Public Education. Because the post-secondary vocational technical centers have no legal relationship with the board, it could therefore be assumed teaching faculty at the centers are not teachers as defined by law.

20-1-201 through 20-1-207; directly applicable.

20-1-212; directly applicable.

20-1-305; Legal holidays need to be enumerated. However, they may not be appropriately presented here because of the references to "pupil instruction" and "pupil instruction related days".

20-1-307; A statute of similar nature would be necessary with reference being made to the statutory provisions for legal "institution" (center) holidays rather than 20-1-305 and 20-1-306.

20-1-101 through 20-3-108; All statutes "generally" apply because of state superintendent statutory post-secondary vocational technical center responsibilities. It is important to note the reference to school in the statutes. It was the intention earlier to identify the post-secondary vocational technical centers as institutions, and thus clarify all statutory language presented. Where the term school is used it should be assumed the statute does not apply to the centers.

20-3-301 through 20-3-362; This reference to statutes is inclusive of reserved sections and is applicable only because of post-secondary vocational technical centers relationships to the districts. If a question was posed regarding specific application of the statutes, it would produce a difficult and confusing answer.

20-4-101 through 20-4-123; Certification of post-secondary vocational technical center teachers needs a great deal of consideration. The Board of Public Education is statutorially responsible for a system of certification. This responsibility is carried out by the promulgation of policy. The state superintendent has the responsibility of issuing these certificates in a manner consistent with board policy. Because the post-secondary vocational technical centers have no legal relationship with the board, it could be assumed teaching faculty at the centers need not be certified. In addition, it should be noted the Board is responsible, by law, to determine the qualifications for certification, while the state superintendent is responsible for determining qualifications for teaching faculty at the centers (vocational education teachers).

20-4-201 through 20-4-214; These statutes would apply, assuming the previously stated certification question would be addressed in a manner consistent with the concepts of requiring teachers (center teachers) to be certified.

20-6-501 (2) (f); The definition of a post-secondary vocational technical center in this statute is one of being a high school. The term post-secondary and high school appear to be in conflict. It is suggested this reference definition be deleted.

Rationale - It would appear the definition of post-secondary vocational technical center as a high school serves no specified purpose and adds confusion to the interpretation and/or applicability of statutes to center operation.

20-6-601 through 20-6-636; Most of these statutes reference procedural matters relative to the acquisition and disposal of property. At some point there will be need to differentiate between property acquired for and/or disposed of in behalf of the post-secondary vocational technical centers. If a true accounting of assets is to be maintained this is essential. In addition, it would appear to be a prudent measure if state funds are involved.

20-7-301 through 20-7-304; Sections 301 through 322 have been included in this inventory, however, they relate to all vocational education, with limited reference being made to post-secondary vocational technical centers. Because these sections address both vocational education and post-secondary vocational centers, there at times is some confusion as to their applicability.

20-7-311 through 20-7-314; All statutes identified directly relate to post-secondary centers, however, it may be desirable as the study progresses to review the relevance of same.

20-7-321 and 20-7-322; Generally apply.

20-7-323 through 20-7-333; Directly apply but may need review as the study progresses.

20-7-701 through 20-7-713; Although these statutes presently have little relationship to post-secondary vocational technical centers, there are some districts assigning the responsibility of adult education to the centers administrative effort. In addition, centers are becoming increasingly involved in "adult and continuing education" offerings because of employer-employee demand. It may be desirable to investigate language identifying the above described relationships.

20-9-401 through 20-9-403; These statutes are used for the purposes stated for post-secondary vocational technical center considerations. Their applicability may not be clear however.

20-9-406 through 20-9-465; Statutes again used as previously stated for sections of Part 4.

20-9-502 through 20-9-503; Used for the purpose stated for post-secondary vocational technical centers considerations. Their applicability may not be clear.

20-9-508; See previous Part 5 comment.

20-15-104; Desirable for post-secondary center operation.

Rationale - Present "school" law governing center acquisitions requires bids on items over \$4000.00. The nature of centers acquisitions requires possibly more bidding than necessary.

APPENDIX C

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DIRECTOR, LEGAL SERVICES

May 5, 1982

Ms. Judy Rippingale
Legislative Fiscal Analyst
State Capitol
Helena, MT 59620

Dear Judy,

Enclosed is a discussion draft of the review of existing statutes governing Postsecondary Vocational-Technical Centers you requested on April 1, 1982. I expect to prepare a final report based upon further study and on the comments to this draft.

This draft report discusses the applicability of current statutes in the context of potential legislative action, not as a legal opinion that should be used in the governance of Postsecondary Vocational-Technical Centers.

After a preliminary review of the statutes codified in Title 20, MCA, I developed various legal criteria to use in interpreting them and then I took the sections of Title 20, MCA, and broke them down into four categories:

1. Sections that apply to Centers.
2. Sections that do not apply to Centers.
3. Sections whose applicability to Centers is uncertain.
4. Sections not directly related to Centers.

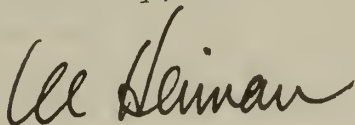
In terms of legislative action the most pressing problem is to resolve the status of those sections whose applicability is uncertain. A clean-up bill, requiring minimum drafting, would accomplish this. What should be done is to examine those sections and determine whether, as a matter of policy, they should be moved by amendment to the "applies" or "does not apply" category. The same course of action should be taken for many sections in other categories; a statute may, by amendment, be transferred from the "applies" to the "does not apply" category or vice versa.

The primary problem encountered with statutes in Title 20, MCA, relating to Postsecondary Vocational-Technical Centers is the ambiguity in their application to Centers. Some of this confusion

comes about because of their grouping within Title 20. I believe a simple (but large) clean-up bill could be drafted to alleviate most of this confusion on applicability. The core of such a bill could be the creation of a new Chapter in Title 20, MCA, entitled "Vocational Education". The Chapter would consist of three parts: General (duties of the Superintendent of Public Instruction and the Director of Vocational Education); Secondary Vocational Education; and Postsecondary Vocational-Technical Centers. A simple delineation of these areas would considerably cut down on the current confusion and increase readability. Within the Part on Postsecondary Vocational-Technical Centers, a section similar to those on Community Colleges (at 20-15-402 through 20-15-404, MCA) should be enacted to list sections of general applicability. Also, the definitions in 20-1-101, MCA, should be amended, perhaps by dropping the definition of a Postsecondary Vocational-Technical Center as a school at 20-1-101(8) (and at 20-6-501(2)(f), MCA) and instead denominating them as "centers" and using that word in the sections applicable to Centers. Similarly, insert "Center Pupil" or "Center Student" as a second definition following "Postsecondary Vocational-Technical Pupil" at 20-1-101(11), MCA, for use in applicable sections.

A great degree of precision in statutory applicability can be attained by having each section that is applicable to Centers or Center students explicitly state that it is applicable by the use of new terminology in the section and by using a "laundry-list" section in the new Part to reference sections of general applicability that are not amenable to change by inserting new terminology. These devices should be used in drafting a clean-up bill essentially providing for the applicability of existing sections. Before drafting a clean-up bill, a consensus should be reached as a policy decision on whether or not a particular section should be applicable. The enactment of new sections and amendments to sections reflecting major policy changes should be in a separate bill or bills, each coordinated with the clean-up bill so the major substantive changes take precedence over the clean-up bill amendments. This would allow for the enactment of a consensus bill effecting the badly needed statutory reorganization of Postsecondary Vocational-Technical Center law without having to sink or swim based upon major policy questions.

Sincerely,

A handwritten signature in cursive script, reading "Lee Heiman".

Lee Heiman
Staff Attorney

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DIRECTOR LEGAL SERVICES

TO: Pam Joehler
Assistant Fiscal Analyst

FROM: Lee Heiman *Lee*
Staff Attorney

RE: Review of MCA Sections Applicable to Postsecondary
Vocational-Technical Centers

DATE: May 5, 1982

SCOPE OF REVIEW. This review is intended as a help in preparing possible legislation. The categories were developed to aid in this task and are not intended as a definitive list of statutes to guide the operation of Postsecondary Vocational-Technical Centers. It is hoped that the sections listed in each category are reviewed with the object of providing for good Postsecondary Vocational-Technical Center operation. If it is decided that a section should apply to Postsecondary Vocational-Technical Centers, the proper response would be to propose amending the section, not amending the list. The sole reason for these categories is to identify ambiguous statutory application.

It is hoped that the list will facilitate study and comment leading to the enactment of a body of law that only requires superficial reading to determine applicability. Such an enactment would be a step in the right direction -- even if it does not contain all the policies that one would wish for.

Missing from this discussion are the particular applications of sections directly related to Vocational Education in Title 20, Ch. 7, Part 3. The applicability of the sections in that Part, although not a model of organization, is easily identifiable as to application.

Also not discussed are problems relating to governance by other than High School and County High School Districts. Since any new Postsecondary Vocational-Technical Center requires legislative approval, any request by a Community College or by a unit of the University System for a Postsecondary Vocational-Technical Center would also result in a look at the proposed Postsecondary Vocational-Technical Center's

administrative needs that would, of necessity, be directed at the particular situation at hand.

EXPLANATION OF CATEGORIES. Sections Applicable: Sections that directly govern the operation of Postsecondary Vocational-Technical Centers. These sections, by their terms and the terms of Title 20, MCA, directly affect the students, teachers, finance or administration of Postsecondary Vocational-Technical Centers and do not conflict with the provisions governing Postsecondary Vocational-Technical Education in Title 20, Ch. 7, Part 3, MCA.

Sections of Uncertain Applicability: Sections that may relate to the operation of a Postsecondary Vocational-Technical Center -- they operate on functions that are logically connected to Postsecondary Vocational-Technical Center operation -- but they are by their terms and by the terms of other sections so internally inconsistent that they cannot be placed in any category.

Sections Not Applicable: Sections that could in some manner be logically connected to Postsecondary Vocational-Technical Center operation so that they should be specifically noted, but by their own terms or by the terms of other sections in the Title, or because they conflict with provisions on Postsecondary Vocational-Technical Education in Title 20, Ch. 7, Part 3, MCA, do not apply to the operation of a Postsecondary Vocational-Technical Center.

Sections Not Directly Related: Sections that logically are not related, or by their terms are not applicable. Their relationship to Secondary Vocational-Technical Centers is so tenuous or indirect that other than for a brief mention, their inclusion in this review is unnecessary. Any amendment of these sections would be a departure from present Postsecondary Vocational-Technical Education law and practice.

EXPLANATION OF REASONS IN TABLES. Conflict: In all cases the primary source of applicability was whether there was a reasonable conflict of a section with provisions in Title 20, Ch. 7, Part 3, MCA, relating to Postsecondary Vocational-Technical Education. Section 20-7-304, MCA, establishes the precedence of Postsecondary Vocational-Technical laws, thus in case of conflict a particular section was considered not applicable.

General: The text of the section indicated general applicability and there were no exclusions applicable.

Schools: If a section was directed towards a school and the context did not clearly exclude Postsecondary Vocational-Technical Centers, then by virtue of the definition of a Postsecondary Vocational-Technical Center in 20-1-101, MCA,

and by the terms of 38 A.G.Op. 20, the term "school" includes a Postsecondary Vocational-Technical Center.

Pupil: If a section was directed towards a pupil and that use was not clearly directed towards Postsecondary Vocational-Technical Center pupils, the section was considered not applicable by virtue of the introductory clause of section 20-1-101, MCA, and the definitions within that section that define a pupil to be a pupil at K--12 schools only.

Teacher or Employee: By virtue of 38 A.G.Op. 20, a teacher includes teachers at Postsecondary Vocational-Technical Centers and those teachers are employees of Postsecondary Vocational-Technical Centers. [See also the discussion of teacher certificates, infra, page 11].

Quoted Language: Specific terms of a section that define applicability may be set forth in quotes.

SECTIONS APPLICABLE TO POSTSECONDARY VOCATIONAL-TECHNICAL CENTERS

<u>Section</u>	<u>Subject</u>	<u>Reason</u>
20-1-101	Definitions	"as used in this title"
20-1-201	School officers not to act as agents	Employees and trustees covered.
20-1-202	Oath	Obvious
20-2-211	Expenses of joining and attending educational association.	Are employees.
20-1-212	Destruction of records by officers.	General
20-1-306 *	Commemorative exercises on certain days.	"all districts" (but what is scope within district?)
20-1-401 * --20-1-407	Fire drills.	No differentiation--Centers are schools.
20-3-104	Discretionary staff of SPI	Sub (1) is Ass't Sup. for Voc. Ed.
20-3-106	Powers and duties of SPI	Sub (27), (28) and (29) directly relate to centers.
20-3-107	Controversy appeal of SPI	See Teacher certification, <u>infra</u> page 11.
20-3-210 --20-3-107	County Sup. controversy appeal	See Teacher certification, <u>infra</u> page 11.
Ch.4, Part 1	* Certification of teaching personnel	See Teacher certification, <u>Infra</u> page 11.
20-4-201 *	* Employment of teachers by contract	"Trustees of <u>any</u> district"
20-4-202 *	* .Registration of certificate	See Teacher certification, <u>Infra</u> page 11.
20-4-211 --20-4-214	Indian studies	Optional for all

20-4-303	Abuse of teachers	Covers all
20-4-304	Attendance at state teachers ass'n	All teachers
20-6-501	Definition of schools	Definition at (2) (f)
20-6-605	Land acquired by condition	Applies to all districts .
20-6-608	Insuring property	"Trustees of any district"
20-7-112	Prayer permitted	General
20-7-201 * --20-7-205	School library required	"in each school" [Conflict with 20-7-301?]
Ch. 7, Part 6	* Textbook regulation and free textbooks	General
Ch. 10, Part 2	Food services	General applicability to schools
20-9-402	Fixing and levying taxes	Per 20-7-323
Ch. 20, Part 4	School bonds	Per 20-7-324 (1) (d) (ii)
20-9-353	Additional levy	Per 20-7-326
30-20-301	Additional levy--election	Per 20-7-326

SECTIONS OF UNCERTAIN APPLICABILITY

<u>Section</u>	<u>Subject</u>	<u>Reason</u>
20-1-301	School fiscal year	Inapplicability of 180-day school calendar (20-7-313); of state I & I funds (20-7-324); and state fiscal year (17-2-110).
20-1-307	Application of school holidays	"said sections (20-1-305 and 20-1-306) being hereby expressly declared to define legal holidays for <u>school</u> purposes only."
Ch. 9 Part 2	Administration of finances	20-9-201(2) states applicability to all districts but some provisions of the part directly conflict with provisions in 20-7-311 -- 20-7-333.

SECTIONS NOT APPLICABLE TO POSTSECONDARY VOCATIONAL-TECHNICAL CENTERS

<u>Section</u>	<u>Subject</u>	<u>Reason</u>
20-1-203	Elected officer delivering items to successor	Obvious
20-1-208	Educational impact statements	Duty of Co. Sup.
20-1-209	Enf. of educational impact statements	Obvious
20-1-210	Nonfaculty H.S. coaches	Obvious
20-1-302	* School day and week	Applies only to "pupils" in K--12.
20-1-303	* Sat. and Sun. classes prohibited	"pupil" instruction
20-1-304	* Pupil-instruction-related day	"pupil" used [also 180 day rule of 20-1-301]
20-1-305	* School holidays	Uses "pupil instruction" and "pupil-instruction-related days" (but see 20-1-307 applicability uncertain).
20-1-308	Religious instruction	"pupil" and attendance both inapplicable.
20-3-108	Division of resources and assessment fund.	Obvious.
20-3-201 --20-3-209	Duties of Co. Sup.	Obvious.
20-5-102 --20-3-209	Compulsory attendance	Age limit 16
20-5-101	Admittance to school	Conflicts with 20-7-331
20-5-201 --20-5-203	Duties and sanctions of students	"Any pupil"
Ch. 5, Part 3	Attendance outside school district	Elementary and High School Tuition
Ch. 5,	Health	K -- 12 only

Part 4

20-6-601	Power to accept gifts	Conflicts with 20-7-312 (1)(f)
20-6-602	Buildings and trustees	Conflicts with 20-7-312(1)(e)(ii) and (1)(f); and 20-7-323(1)(b)
--20-6-636		
20-7-101	Accreditation	Conflicts with 20-7-301
--20-7-101		
20-7-111	Instruction in public schools	"pupils" and conflict with 20-7-301
20-7-115	Private music instruction	"pupils"
20-7-116	Supervised correspondence study	Conflict with 20-7-301
Ch. 7, Part 7	Adult education	Excluded under 20-7-701(2)
Ch. 10, Part 10	Transportation	"Pupil" services as per 20-10-101.
Ch. 20	School finance (with some exceptions)	Conflicts with 20-7-301(7) through (9), (10), (12), and (13); 20-7-312(1)(c), (1)(d), and (1)(e)(ii); 20-7-322 -- 20-7-327; and 20-7-333.
Ch. 26	Student financial assistance	By definition under 20-26-103

SECTIONS OF SCHOOL LAW NOT DIRECTLY RELATED TO POSTSECONDARY
VOCATIONAL-TECHNICAL CENTERS

<u>Section</u>	<u>Subject</u>
20-1-204	County Attorney's duties
20-1-205	County Attorney and conflict of interest
20-1-206	Misd. disturbance at a school
20-1-207	Violation of school laws
Ch. 2	State Bd. of Ed., Bd. of Public Inst., Bd. of Regents
20-3-101 --20-3-102	SPI--election, etc.
Ch. 3, Part 3	School District Trustees
Ch. 4, Part 4	District Superintendent and Principal
Ch. 6, Parts 1-4	School districts--general, elementary, high school, and reorganization
20-6-502 --20-6-509	Opening and closing of schools
20-7-113 --20-7-114	SPI curriculum and instructional assistance
20-7-117	Five-year old schooling and preschool
20-7-201	State media library
Ch. 7, Part 4	Special education for exceptional children
Ch. 7, Part 5	Traffic education

Ch. 7, Part 8	Public recreation
Ch. 7, Part 9	Gifted and talented children
Ch. 8	School for the Deaf and Blind
Ch. 15	Community Colleges
Ch. 20	School Elections (except 20-20-301 does apply)
Ch. 25	University System
Ch. 30	Postsecondary Educational Institutions
Ch 31	Fire Services Training School

TEACHER CERTIFICATION AND TENURE FOR
POSTSECONDARY VOCATIONAL-TECHNICAL CENTERS

Certification Requirement

Question: Whether teachers at Postsecondary Vocational-Technical Centers must hold teaching certificates.

Conclusion: Teachers at Postsecondary Vocational-Technical Centers must hold teaching certificates.

Reasoning: Section 20-7-301(6), MCA, provides that Superintendent of Public Instruction policies include "instructor qualifications for vocational education courses and programs." This says, in my opinion, that the Superintendent of Public Instruction establishes the qualifications required of instructors, who are already certified, to teach specific courses and programs in any type of vocational education. Section 20-4-201(1), MCA, provides that the "[t]rustees of any district ... [may employ as a teacher] ... only a person who holds a valid Montana teacher ... certificate" Postsecondary Vocational-Technical "faculty members" are employed by the board of trustees operating a Postsecondary Vocational-Technical Center. Under section 20-4-102(1), MCA, the Board of Public Education sets policy for teacher certification and under sections 20-4-102(1), 20-4-103, and 20-4-106(2), MCA, the Superintendent of Public Instruction issues certificates. There are five types of certificates. Of these, only the certification type for vocational education does not have provisions for endorsements. Therefore, in my opinion, the qualifications referred to in 20-7-301(6), MCA, take the place of endorsements in vocational education. They relate not to a teacher's eligibility to become employed, but once he becomes employed the qualifications are applicable to the courses or programs he is may teach.

Tenure and Appeal

Question: Whether tenure provisions and controversy appeals apply to Postsecondary Vocational-Technical Center teachers.

Conclusion: Teachers at Postsecondary Vocational-Technical Centers are tenured and thus tenure related sections govern their employment.

Reasoning: Since teachers are required to be certified and since there is no apparent conflict with section 20-7-312(1)(b), MCA, on employment of Postsecondary Vocational-Technical Center faculties, the related tenure and employment sections govern. This in turn invokes the controversy appeal provisions of the County Superintendent and Superintendent of Public Instruction.



OFFICE OF PUBLIC INSTRUCTION

STATE CAPITOL
HELENA, MONTANA 59620
(406) 449-3095

Ed Argenbright
Superintendent

June 23, 1982

RECEIVED

JUN 25 1982

MONTANA LEGISLATIVE
COUNCIL

Ms. Pam Joehler, Assistant
Legislative Fiscal Analyst
Room 109, State Capitol
Helena, Montana 59620

Dear Ms. Joehler:

The review of the work on MCA sections applicable to vocational-technical centers by Mr. Lee Heiman, Staff Attorney for the Montana Legislative Council, was much appreciated by the Office of Public Instruction, District Superintendents and Center Director.

Our collective understanding of the precedence of Title 20 over other laws has insured greater compliance with the statutes and raises questions that will be addressed at the state and local levels.

Concurrence with the sections applicable to postsecondary vocational centers was given.

Sections of uncertain applicability will be addressed in legislative recourse to clarify the application of laws cited.

Sections not applicable and sections of school law not directly related have met with a general acceptance.

Finally, appreciation is expressed in the clarification of teacher certification and tenure.

Appreciation is expressed and we look forward to the eventual consolidation of laws pertaining to the postsecondary center system.

Sincerely,

A handwritten signature in cursive script, which appears to read "Gene R. Christiaansen", is written over the typed name.

GENE R. CHRISTIAANSEN
Assistant Superintendent
Department of Vocational Education Services

cc: L. Heiman ✓
Ed Argenbright
M. Olson
Center Directors
Center Superintendents

Affirmative Action — EEO Employer

APPENDIX D

Glossary

PROGRAM - a separate instruction program (such as Auto Mechanics) or a support service function (such as Administration).

COSTS - fiscal year-end reported, actual expenditures adjusted to exclude CETA funds and voted levy contribution towards personal services. Costs were separated into personal services, operating expenses, and equipment.

VARIABLE COSTS - those costs that do not relate well to a productivity measurement; however, the level of fixed costs may vary among the centers but not within an individual center.

STUDENT FTE (S-FTE) - a student that has 250 hours of classroom contact per quarter or 750 hours per year. This is the standard developed by the Office of Public Instruction. This was changed to 333 hours per quarter or 1,000 hours per year.

FACULTY FTE (FAC-FTE) - an instructor who has a nine-month teaching contract and is considered a full-time instructor by the local high school district.

PROFESSIONAL SUPPORT STAFF FTE (PRO-FTE) - professional support staff employees who work 2,080 hours/year. Except counselors are considered an FTE if they work full-time for nine months.

OTHER SUPPORT STAFF FTE (OTH-FTE) - other support staff employees (such as clerical workers or janitorial workers) who work 2,080 hours/year.

AVERAGE FACULTY COMPENSATION - the average salaries plus benefits for a faculty full-time equivalent.

APPENDIX E

APPENDIX E

September 14, 1982

TO: LFC Subcommittee on Vo-Ed Governance
FROM: Pamela D. Joehler, Assistant Analyst
SUBJECT: Vo-Tech Visit Dates, Working Questionnaire

Attached are the confirmed meeting dates and places for your information. Attached also is a suggested working questionnaire for your visits with the local representatives. Realizing that the scope of governance is very broad, the questions are sorted into three general governance-related areas: policy, operations, and fiscal issues.

The questions on policy are meant to cover general governance issues and to receive feedback on the interpretation of local control and responsibilities. The questions on operation of the vo-tech centers concentrate on the staffing and service areas of the centers. These questions seek answers to local expectations that would exist if the centers were made state agencies.

The questions relating to fiscal issues are divided into three sections: salary differential, funding mix, and local equity. The local feeling on what should be done with the salary differential is pursued, as well as who should pay for it. Questions relating to the funding mix seek feedback on the local feeling of the current funding mix, whether governance should be tied to the funding, and how they would expect the funding mix to change if the centers were made state agencies. The questions relating to

local equity address compensation for land and facilities to the local board of trustees in the event the centers are made state agencies.

Policy Issues

Title 20, Chapter 7 of Montana Codes identifies the Superintendent of Public Instruction as the policy maker for postsecondary vocational education. From the input received at the subcommittee meeting September 9, the superintendent's policies have often been neither clear nor adhered to in the past.

1. What does local control mean to you? What do you feel are the responsibilities associated with this control?

2. What does state control mean to you? What are the state's responsibilities?

3. Has the meaning of state and local control and their associated responsibilities changed for you during the last three to five years?

4. Who do you think establishes the policies relating to instruction programs? Who determines the curriculum?

5. Who establishes the personnel policies, such as staffing patterns, position responsibilities, etc.?

6. What is the major determinant of whether a program is continued, changed, or discontinued? Who controls that factor?

7. How much input do you have in program changes?

Operations

The local board of trustees is charged with the day-to-day operation of the centers subject to the state superintendent's policies. This has not always been the case.

1. What input do you have on the vo-tech center operation?
2. How would you expect the vo-tech's operations would change, if at all, if they became state agencies?
3. How would the staff be affected if the centers were made state agencies? Who would they expect to negotiate with? Do they expect their salaries would change? How?
4. What determines the type and level of in-kind support services the district provides to the center?
5. Is the provision of these services a comfortable situation for the district and the center?
6. Is the provision of these services expected to continue at no cost in the future assuming no radical change in governance?
7. Would in-kind services be provided if the state assumed full control and financing of the centers?

Fiscal Issues

As was voiced at the subcommittee meeting September 9, if the funding was taken care of, there would likely be no governance problem. The subcommittee recognized there are three general issues in this area: (1) salary differential, (2) changes to the current funding mix, and (3) the compensation for local equity if the centers become state agencies.

Salary Differential

1. Should the state pick up the salary differential? What control should be given up in return for this financial burden being removed from the local district?
2. If the state doesn't pick up the differential, would the local board continue to support the center? How long do you think they would support it?

3. If the center employees were made employees and the state took responsibility for collective bargaining and all salaries would the districts be willing to retain facilities and 1½ mill county levy?

Funding Mix

1. Is the current funding mix fair? Why or why not?
2. is there a more equitable way to fund the centers?
3. Should governance be tied to the funding?
4. How would you expect the centers' funding mix to change if they were made state agencies?

Local Equity

1. Should the local board of trustees be compensated if the centers become state agencies?
2. If so, what should they be compensated for?
 - a) The value of the local board's equity in land and facilities?
 - b) Remaining bond indebtedness?
 - c) Local equity plus capital appreciation?

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